

# *The* NATIONAL UNDERWRITER

*Life Insurance Edition*

## MIDLAND MUTUAL'S *Prosperity Contract* BETTER

*gives You*  
TOOLS

For Building YOUR OWN  
Financial Security



**Expense-Free Compensation**  
Compensation plan is separate from expense. Overridings—1st year and renewal—are yours!



**Vested Overriding Renewals**  
Easy-to-attain qualifications entitle you to your renewals whether you live, die or quit.



**\$10,000 Preferred Risk Contract**  
Attracts many new clients.



**New Income Protection Rider**  
Adjusted to every need, 10 to 50 years, convertible to permanent forms.



**New Brokerage Contract**  
For Life Men. Top commissions, plus 1st year expense allowance and fully vested renewals.



**Result-proved Direct Mail**  
... and other unique sales plans. Make even new agents immediate producers!

**Write for** for full details on our Prosperity Contract, if you've had some successful insurance experience and are 28 to 50. Address: Russell S. Moore, *Manager of Agencies*.

### Other Benefits To Agents and General Agents

- Liberal 1st-year commissions
- Monthly expense allowance
- Extra 2nd and 3rd year commissions (Agents only)
- Continuous service fee after vested renewals expire
- Attractive retirement plan
- Success-proven training plans
- Group life for career men

### TERRITORIES OPEN:

Agency opportunities are open  
in these states

OHIO  
PENNSYLVANIA  
NEW JERSEY  
WEST VIRGINIA  
KENTUCKY

INDIANA  
MICHIGAN  
ILLINOIS  
IOWA  
CALIFORNIA

NORTH CAROLINA

**The MIDLAND MUTUAL Life Insurance Co.**

250 E. Broad Street, Columbus 16, Ohio

FRIDAY, JULY 17, 1953

celebrating

**25 Years of service!**

with life insurance in force exceeding

**\$460,000,000.00**

Life  
A & H  
Group  
Franchise  
Hospitalization  
Brokerage  
Reinsurance

PLUS: One of the most advanced agent's training programs in the nation . . . Supervised offices . . . Trained Group men to assist agents . . . An alert Underwriting and home office staff . . . Top commissions . . . Company outings . . . App-A-Week clubs and agent contests . . . the finest insurance plans.

**REPUBLIC NATIONAL  
LIFE INSURANCE COMPANY**

Theo. P. Beasley, President

Home Office, Dallas

## STATE MUTUAL LIFE'S



"Preferred Protector"

has 14 all-star features



Here are the reasons our full-time agents and brokers are enthusiastic about this unique preferred rate contract —

1. Selective underwriting not required
2. Minimum amount \$10,000
3. Low cost protection
4. Dividends begin 1st year
5. Commission rate not reduced . . . same as Whole Life
6. Cash values compare with Whole Life
7. Available ages 0 to 70 plus
8. Family Income or Family Maintenance Rider may be added
9. Eligible for Special Class risks up to 500% mortality
10. \$10,000 non-medical app up to age 36
11. Available on term conversions
12. Available on group conversions \$10,000
13. Available on jumbo risks
14. Available on surplus line applications

**State Mutual Life Assurance Company**  
OF WORCESTER, MASSACHUSETTS

*Yes. Another* **WORLD'S RECORD!**

MR. GEORGE J. CLEARY, President  
UNITED BENEFIT LIFE INSURANCE COMPANY,  
OMAHA, NEBRASKA.

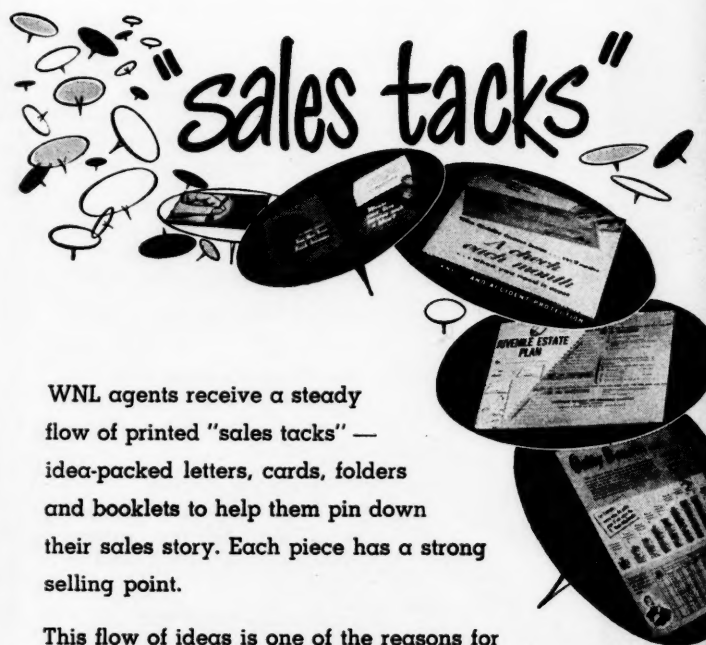
Dear Mr. Cleary:

Congratulations on your twentieth anniversary. At the time of your twentieth anniversary I wrote you saying that a billion of insurance in force in that time was a unique record. Now, before your twenty-sixth anniversary you are close to having a billion in force, all but a trifling amount of which has been written through your own agents. I checked our files, and find that this, too, is a unique record. Again, my hearty congratulations.

With my best wishes for your continued success,  
I am Very sincerely,  
*Alfred M. B...*  
PRESIDENT.



UNITED BENEFIT LIFE INSURANCE CO.  
ONE OF AMERICA'S FOREMOST LIFE INSURANCE COMPANIES  
OMAHA, NEBRASKA



WNL agents receive a steady flow of printed "sales tacks" — idea-packed letters, cards, folders and booklets to help them pin down their sales story. Each piece has a strong selling point.

This flow of ideas is one of the reasons for our record growth. If you are interested in joining one of the fastest growing insurance companies in the Middle West, write or phone our Agency Department.

**WISCONSIN NATIONAL LIFE INSURANCE COMPANY**  
HOME OFFICE: Oshkosh, Wisconsin

General Agency Openings in Wisconsin, Michigan, Illinois, Indiana, and Minnesota  
First Legal Reserve Stock Life Insurance Company Incorporated in Wisconsin



## G. W. Page Slated as New C L U Chief Succeeding Smither

**Formal Election to Be  
at Cleveland Aug. 26;  
Cooper to On Deck Spot**

Slated to become the new president of American Society of C.L.U. at the group's annual meeting in Cleveland Aug. 26 is Gerald W. Page, general agent of Provident Mutual Life at Los Angeles. Outgoing president is James W. Smither, Jr., of the Smither & Sons agency of Union Central Life at New Orleans.



Gerald W. Page

Because no additional nominations were made within the period in advance of the annual meeting specified under the by-laws, the election of Mr. Page and other nominees is a certainty.

Completing the slate of nominees are Frank Cooper, Southwestern Life, Fort Worth, 1st vice-president; George Neitlich, Metropolitan Life, Boston, 2nd vice-president; Frederick W. Floyd, Life of Virginia, Philadelphia, treasurer, and Harry Krueger, Northwestern Mutual Life, New York, secretary.

Director candidates are Leland T. Waggoner, Mutual Life, Boston; Frederick J. Stevenson, Equitable Society, Pittsburgh; W. Elwood Baker, New York Life, Washington, D. C.; Arthur H. Pickford, Provident Mutual Life, Des Moines; Lorraine L. Sinton, Mutual Benefit Life, Chicago; Charles H. Biesel, Union Mutual Life, San Francisco, and Louis C. Halley, Security Life & Accident, Denver.

Mr. Page began his insurance career at Los Angeles in 1923 with Western States Life, which subsequently became California-Western States Life. He was associate general agent at Los Angeles for Equitable Society from 1942 until 1944 when he became vice-president of Scott & Co., in charge of its life department. He was named Provident Mutual general agent at Los Angeles in 1949.

A life and qualifying member of the Million Dollar Round Table, Mr. Page has served as president of both Los Angeles Life Underwriters Assn. and Los Angeles C.L.U. chapter.

American Society activities during the National Assn. of Life Underwriters convention at Cleveland beginning Aug. 22 include all-day gatherings of the directors on Saturday and Monday, a trustees' dinner Tuesday evening, a C.L.U. breakfast, the forum on chapter activities and dinner and conference exercises on Wednesday.

## Raise Minimum Premium

Manhattan Life is accepting \$10 minimum premium on a monthly, quarterly, semi-annual, or annual basis.

## T. J. Gillooly Is W. Va. Commissioner; Hugh Mills Shifted List Five Speakers for Cleveland Rally of N.A.L.U.

Hugh N. Mills has stepped down as West Virginia Insurance commissioner, and is succeeded by Thomas J. Gillooly, who has been an assistant attorney general. Mr. Mills becomes executive director of the commission on reorganization of state government. The formation of this commission was first authorized by the West Virginia board of public works.

Mr. Mills is 42 and is a C.P.A. He has been commissioner about a year and prior to that was deputy commissioner for three years. He has been a gimlet-eyed kind of supervisor and has been particularly critical in the realm of fire and casualty rate regulation. Mr. Gillooly is 45 years of age and has been an assistant attorney general more than four years. He is a veteran of the last war and is a major in the West Virginia National Guard. He was born at Clarksburg. He attended Greenbrier Military School and Georgetown university and was graduated from West Virginia University in 1941. After serving in the war he got his law degree there.

## New Term Restrictions Apply to 1955 MDRT

The by-laws change approved at the annual meeting of the Million Dollar Round Table, reducing to \$250,000 the amount of term insurance that can be counted toward an applicant's qualifying million, will not apply to the current year's production.

The new term restrictions, which halved the former \$500,000 limit, will apply to business an applicant writes in 1954 for qualification in the 1955 table. A story in last week's paper implied that the lower limit would be used in determining 1954 qualification.

Five principal speakers at the annual convention of National Assn. of Life Underwriters, to be held in Cleveland Aug. 24-28, have been announced by Ralph G. Engelsman, Penn Mutual, New York City, chairman of the program committee.

Exemplifying the breadth of the convention theme "American Life Insurance in American Life", the speakers will bring viewpoints of varied areas of American enterprise. They are Erwin D. Canham, editor of the *Christian Science Monitor*; Catherine B. Cleary, assistant treasurer of the United States; Nathaniel Leverone, chairman of Automatic Canteen Co.; Dr. Paul A. Wolfe, pastor of Brick Presbyterian Church, New York City, and N. Baxter Maddox, vice-president and trust officer of First National Bank of Atlanta, and vice-president of the trust division of American Bankers Assn.

Mr. Maddox, a former leader in N.A.L.U. affairs, will talk on "Cooperation That Pays." At one time with Connecticut Mutual Life, Mr. Maddox is a past president of the Georgia association and was in charge of arrangements for the mid-year meeting of N.A.L.U. at Atlanta in 1940.

Miss Cleary was in charge of the legal department of Kohler Co. at Kohler, Wis., before being appointed to her present post by President Eisenhower last April. She is the daughter of the late Michael J. Cleary, who was president of Northwestern Mutual Life. A past-president of National Assn. of Bank Women, she also served as a trust officer of First Wisconsin Trust Co.

Mr. Canham will have as his topic "The Chances for Peace"; Dr. Wolfe will talk on "A Time for Integrity", and Mr. Leverone will discuss "This Freedom of Ours."

## A.L.C., L.I.A. Give Proposals for Tax Revisions

**Seek 10 Changes; House  
Unit Gets Other Views  
for General Overhauling**

WASHINGTON—Changes in taxation of life insurance and annuity income, death and disability benefits, and stock options and deferred compensation plans, were subjects of hearings Tuesday before the House ways and means committee in its study of general revision of the revenue laws. Witnesses testifying on the first topic included representatives of the life insurance industry and Teachers Insurance & Annuity, while statements were made or filed by American Bar Assn., and representatives of various industrial interests, on the remaining subjects.

Carlyle M. Dunaway, representing National Assn. of Life Underwriters, was on the committee's list for Tuesday, but neither appeared nor filed a statement. He again was listed for appearance Wednesday to discuss pension and profit-sharing treatment provided by sections 165 and 23 (p), internal revenue code, but did not appear.

American Life Convention and Life Insurance Assn. formally presented recommendations for changes in five broad areas of the government's tax laws and regulations to produce greater tax equity for policyholders and annuitants and to eliminate discriminations against employers, employees and life companies on taxes arising under profit sharing and pension plans.

The two organizations recommended 10 statutory changes in the five areas. Their recommendations followed suggestions they have offered during the present session of Congress in memoranda to the technical staff of the joint committee on international revenue taxation.

The five areas of suggested tax revision are: taxation of annuity income; tax treatment of pensions and profit sharing plans; taxes in connection with transfers of life insurance policies for valuable consideration; taxation arising from application of the "doctrine of constructive receipt" in life insurance policy transactions, and elimination of the "premium payment test" in the levying of estate taxes.

These are among some 40 subjects being considered by the ways and means committee in comprehensive hearings now being held as a preliminary to a possible general overhaul of the tax structure in the next session of Congress. The internal revenue code is widely believed to be in need of extensive revision to eliminate conflicting regulations, inequities and uncertainties. The administration and members of Congress have indicated they look with favor upon such a general revision. On the floor of the House, the ways and means committee was recently commended for its efforts in this direction and was encouraged to continue its studies.

In connection with income taxation of annuities, the documented recommendations presented by the A.L.C. and L.I.A. paralleled those they submitted to the staff of the joint internal revenue

(CONTINUED ON PAGE 15)

## Late News Bulletins ...

### Central Standard Names Lewis, Kurz

Central Standard Life has named Arthur Lewis director of agencies for the west coast, and John M. Kurz state manager for Wisconsin at Milwaukee. Mr. Lewis, former general agent Pacific Mutual Life, has been in the business since 1931. Mr. Kurz was formerly assistant manager of New York Life at Milwaukee. He entered the business with that company in 1949.

### U. S. Life Appoints San Diego Agency

United States Life has appointed the Coffman agency in San Diego. Robert F. Coffman, principal, began in insurance in 1932 with Prudential at Wichita, and in 1942 he joined Columbian National as general agent there. He moved the agency to Los Angeles in 1945 and to San Diego in 1947.

### Stuart Named General Agent at Binghamton

Donald Stuart has been appointed general agent at Binghamton, N. Y., for Manhattan Life. Mr. Stuart began in the business in 1933. After army discharge in 1946 he became home office agency secretary of Manhattan Life, and for three years has managed the life insurance division of Queensboro Corp., Jackson Heights, N. Y.

(Additional Late News on Page 16)

## Two Groups Vie to Form University Life in Indiana

The question of which of two groups has first claim on the name University Life for a new Indiana company now is resting before Knox (Vincennes) circuit court.

A group of business men, mostly from Bloomington, and College Life of Indianapolis both have taken steps to form new companies under that name.

Included in the group of business men are John Ramp, Indianapolis; Dr. Dillon Geiger, Bloomington physician; Dr. John F. Mee, Indiana University professor; David I. Day, Jr., Terre Haute attorney; Donald Overbay, Bloomington contractor; Claude Bates, Rockport, and H. C. Evans, Bloomington. Some of the businessmen are prominent in political circles and Mr. Ramp is a \$1-a-year state efficiency expert appointed by Gov. Craig.

The question to be settled is which of the two groups was the first officially to receive permission to use the name University Life.

In January, Mr. Evans verbally requested the name be reserved for his group. Commissioner Wells wrote Evans on March 17 noting that the name had been reserved. There is nothing in the Indiana insurance code actually giving the commissioner power to reserve names for proposed companies, though it has been a common practice for years to do it as a matter of courtesy.

Before the businessmen could file the necessary incorporation papers, Frank Moore, president, and other officials of College Life went through the necessary legal steps to form a company under the name University Life. The latter group's request to use the name was made April 9 and May 2 official incorporation papers were filed with the secretary of state.

Both the secretary of state and attorney general apparently approved the petition of College Life, though when it went before the insurance commissioner it bogged down since he had given the Bloomington group assurance the name would be saved for them.

Following failure of the application to clear Commissioner Wells' office,

the College Life group appealed to Knox circuit court for an over-ruling of the administrative decision.

Presently there exists an injunction preventing the Bloomington group from completing its organizational plans until the court can make a final ruling.

According to John Burkhart, vice-president, College Life specializes in writing insurance on college undergraduates. It is his contention that another company with a similar name, but under different management, would be confusing to the public.

The group of businessmen now have announced plans to form a company under the name of Universal Life & Accident. It will continue, however, to seek use of the name University.

When formed, officers of the Bloomington company will be: Mee, chairman; Evans, president; Overbay, treasurer; Bates, secretary; Geiger, medical director; Ramp, vice-president in charge of investments, and Day, vice-president and counsel.

## Crichton Testifies at VA Cover Hearing

WASHINGTON—At the invitation of the House subcommittee on hospitals of the veterans affairs committee, Robert A. Crichton, counsel for American Life Convention, appeared for A.L.C., Life Insurance Assn., Bureau of A.&H. Underwriters, H. & A. Underwriters Conference, Life Insurers Conference, and with the concurrence of American Mutual Alliance.

Going into some detail, he explained the general types of hospitalization insurance contracts and their relation to the program of VA hospitalization for non-service-connected disabilities.

Mr. Crichton said in designing the hospitalization insurance protection sold to the public, insurance companies have followed a fundamental underwriting principle which holds for all similar lines of insurance, namely, that the purpose of the insurance should be to compensate for an actual loss or expense to the person insured. As a result, hospital insurance policies do not generally make provision for payment with respect to hospital stays which cost the patient nothing.

"As an extension of the principle that payment should be made only when there is a loss or expense incurred by the patient, most insurance companies do not make provision in their policies for payments where charges arise only because of the existence of insurance," he said. "This is the point which bears directly upon the question of whether payment is made by insurance companies for stays in VA hospitals for non-service-connected disabilities."

The speaker added that the insurance companies design their policies this way to protect policyholders from the unfair burden of additional premium costs which would otherwise result. The buyers of hospitalization insurance must in the long run pay, through insurance premiums, what the companies pay out in claims, in addition to what they as insurance buyers must pay as taxpayers towards the general support of VA hospitals.

Insurance buyers, particularly employers and labor unions parties to group policies, "generally do not wish to have part of the group insurance premiums they have paid spent for claim payments to VA hospitals," he said.

"If claim payments were made to veterans administration to cover charges which arise only because of the existence of insurance, most buyers of

## Civil, Military Courts Say Korean Action W

Two more courts have now put stamp of war on the Korean conflict. Superior Court Judge Leyden of Bergen county, N. J., said in the case Stanbery vs. Aetna Life: "The conflict still raging in Korea is a war in ordinary and usual meaning of word..." Also, the nation's top military court—U. S. court of military appeals—ruled that the United States at war in Korea and that court martial offenses should be treated accordingly.

In the New Jersey case, Maj. W. Stanbery died when he stepped on mine in Korea in 1952. Judge Leyden holding thus obviated the widow's collecting double indemnity on Maj. Stanbery's policy. He said, "I find determine that the insured's death resulted from military service in time war within the intention of the parties as expressed by the language employed in the exclusion clause of the double indemnity provision of the insurance contract, and the judgment is in favor of the defendant, Aetna Life Insurance Company, and against the plaintiff Shirley V. Stanbery."

The first federal court ruling to effect was by District Judge Weston of U. S. federal court at Los Angeles in the case of Weissman vs. Metropolitan Life. This case was reported in May 29 issue of THE NATIONAL UNDERWRITER.

In the other case, the military court held that a marine private let off three months confinement and a conduct discharge for sleeping on duty in Korea had been improperly tried said that Charles A. Bancroft of Baton should have been tried by a general court martial instead of a serious special court martial, since United States is at war and court martial offenses should be treated accordingly.

## Half-Year Sales Up 180%

Great National Life's new business for the first six months was \$11,876,811, an increase of 180% over the period last year.

hospitalization insurance would be justified in feeling discriminated against. What in the past has been tax-supported VA hospitalization program would then become only a partially-supported program, the balance of the cost becoming a charge against that part of the public which buys insurance. This, we feel, would discriminate against the buyers of insurance," he concluded.

William Washburn, American Health chairman of the committee on economics of medical care of Bureau of A.L.C. Underwriters explained to the committee underlying principles insurance companies follow in writing hospitalization.

The committee has listed for hearing representatives of Health Insurance Council, American Hospital Assn., various medical, veterans and other organizations; also several government departments and agencies. Already heard have been witnesses from American Medical Assn. and American Legion.

As the hearing progressed indications grew that action on problems of VA medical care are likely to go over until next year, especially in view of the invitation of Rep. Kearney, chairman of the subcommittee, that all veterans' groups submit concrete recommendations on the issue after their fall conventions.

## Manning the PLANNING...



Things that affect Bankers Life's sales organization don't "just happen." Such decisions result from the closest kind of considerate cooperation between field and home office.

Through the General Agents' Advisory Committee\* every member of our sales organization helps to man the plans.

\* Members of the General Agents' Advisory Committee in session at the Home Office in Lincoln.

**Bankers Life**  
INSURANCE COMPANY of Nebraska



## L.A.M.A. Two-Year Study

## Spurn Token Prepayments if You Want Highest Persistency Rate for Policies

By Robert B. Mitchell

If you want the policy you're selling to have the best possible chance of staying in force for two years or more you should:

Sell it to someone with an income of \$10,000 or more a year.

Put it on the annual premium basis.

Get at least \$50 with the application.

If you can't get \$50 or more, better not prepay it.

Insure a prospect who already has insurance in the same company.

Wait until you've a good many years of service as an agent chalked up to your credit.

Get yourself a prospect age 55 or older.

Sell the policy on a medical rather than a non-medical basis.

Make your sale in the east coast regions rather than in the south central or mountain areas.

Sell a retirement income contract.

Pick a buyer who is engaged in business and repair services. Next best is a professional man or one in the mining industry. Almost as good are farmers and men in finance, insurance and real estate.

Walk out if the beneficiary is a corporation or the insured's partners or business associates, for a family member as beneficiary goes with higher persistency where the insured's income is above \$7,500.

Make sure there is a contingent beneficiary, although this is not a large factor.

See that you are connected with an agency in a city of a million or more population, though the main reason for this is the better chance of finding prospects with higher incomes.

Don't worry about such matters as marital status of the prospect; whether you're a full-time or part-time agent or a broker; size of the policy, whether you arrange settlement options or not, or a term rider, or whether it's to be issued on a prorata or interim basis; whether it's with or without waiver of premium or double indemnity whether it's issued as applied for, or what ratio the cash with the application bears to the size of the premium.

The foregoing advice is based on L.A.M.A.'s latest market study covering persistency records in the sale of ordinary policies issued in May, 1949, by 64 companies. The report is in two parts, one covering the two-year history of 7,703 policies placed by ordinary agents on adult males. This represents 82% of such policies originally issued, as 18% were declined or not taken. The second part covers 1,777 policies on adult females, representing 88% of the policies originally issued. The women did a little better than the men—76% for the two years as against 74% for the men.

The studies break the policyholders down into income classifications, since previous studies had shown that the higher the income the better the persistency, except that incomes below \$1,000 show up better than the \$1,000-\$2,000 range, probably because those with incomes below 1,000 include so many whose policies are being paid for by someone else.

Surprisingly, policyholders (male) paying their premiums monthly showed up better (66% of policies being still in force at the end of two

years) than those paying quarterly (63%). Salary savings showed up better than regular monthly, with 72%, while semiannual was 76% and annual was 87%. As might be expected, frequency of payment varies inversely

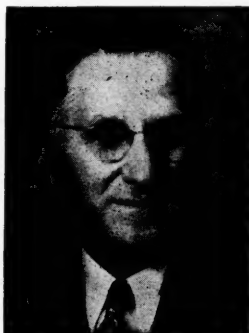
with income.

Contrary to expectations, small amounts of cash with the application are not associated with high persistency. In fact, in every income range, cash of \$10 or less with the application was linked to poorer persistency than where no advance payment at all was made. In the highest income group, money with the application, unless it's \$50 or more, is a poorer omen for high persistency than is no advance payment whatever.

At the same time, the superior persistency of the policies having large

amounts of cash paid on them in advance cannot be attributed to a relationship with size of policy, since size of policy has no relation to persistency. Moreover, the proportion of premium represented by the amount of cash with the application was found to bear no relationship to persistency. All this appears to indicate that the amount of cash paid with the application affects persistency only as it represents an amount of money that looks big to the buyer and not as it is symptomatic of the size of policy or of the proportion

(CONTINUED ON PAGE 13)



W. J. Olive  
completes 50 years

Mr. F. J. O'Brien, Vice President  
Franklin Life Insurance Company  
Springfield, Illinois

Holland, Michigan  
July 1, 1953

Dear O'Brien:

Fifty years may seem a long time devoted to selling life insurance, all for the Franklin Life Insurance Company and all in one locality. But I have enjoyed it, in fact I would rather sell than eat. I have been particularly happy during the last thirteen years in the work with my friend President Becker, and his associates. Few companies have presidents who have carried rate books and who know how to talk the language of the field men. He has been very generous with his help and he gives the men in the field credit for our wonderful growth.

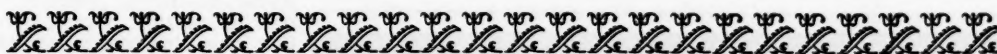
When I first came with the Company in July, 1903, we made a special effort to sell a million a year but now we sell that much in a day. That's because we have something wonderful to sell, especially our four exclusive contracts. Ninety per cent of my business is written on our special plans. Again thanks to the management. Furthermore, the Company is selling in so many more states and is so much better known and is growing so fast, that it is much easier to sell. I have sold more business between the ages of sixty-five and seventy-five than during the previous ten years.

Looking back over fifty years, I can truthfully say that those were the horse and buggy days. I would hire a horse and drive out into the country for several days. I also rode a bicycle when weather was good. In the winter I walked. Frequently I encountered people who had religious objections to life insurance.

I'm proud of our renewal rate, (consistently better than 90%) and I'm proud that I never wrote a policy in another company. Our Company has paid millions to the people of this community—and all of them are my friends.

I wish I could live it all over, for the next fifty years  
—with the friendly Franklin, of course.

W. J. Olive



The Friendly  
**FRANKLIN LIFE INSURANCE COMPANY**

CHAS. E. BECKER, PRESIDENT

SPRINGFIELD, ILLINOIS

DISTINGUISHED SERVICE SINCE 1884

One of the 15 Oldest Stock Legal Reserve Life Companies in America

Over a Billion Three Hundred Fifty Million Dollars of Insurance in Force

## Penn Mutual Life's 'Elite' Producers Attend '400' Club Meeting in Canada

Charter members of Penn Mutual Life's "400" club held its first meeting at Jasper Park Lodge in Alberta, Canada. Each of the 271 members produced \$400,000 or more of paid life insurance during 1952 to qualify for a conference featuring new sales ideas.

President Malcolm Adam opened the sessions by projecting pictures of club members on a screen, informally tell-

ing of each man's accomplishment. Last to be shown was the company's top producer, Joseph F. O'Connor of the Barton agency at Los Angeles.

D. Bobb Slattery, vice-president and superintendent of agencies, reviewed what the company was doing, through the agency department, to give agents training and tools with which to build greater futures.

Mr. O'Connor briefly outlined the methods he used to become the company's top producer. Edwin R. Brock, Des Moines, himself a leader, then held an interview with Mr. O'Connor, drawing answers to many questions listeners wanted answered.

There was an evening session of seminar hopping. One on "Seeing More People" was conducted by W. Henry Pendell, Saginaw, Mich., and Gordon C. Maxson, San Francisco; "Single Needs Sales"—Arnold L. Panella, San Francisco, and Henry H. Kingston, Rochester, N. Y.; "The Program Sale"—R. Otho Linker, Grand Rapids, Mich., and Mrs. Chrystal C. Starr, Atlanta, Penn Mutual's leading woman producer; "Estate Planning"—Stanley N. Murphy, Natchez, Miss., and Colgan

Where can Brokers and Surplus Writers get Individualized Underwriting?

# POSTAL LIFE

At Postal Life, of course! Our Executives say, "We believe in handling each case on its individual merits — on its current status."

Our General Agents, Brokers and Surplus Writers — over 1400 of them — have greater confidence when they call on clients because they know we want to back up their sales. Worth looking into? You bet!

General Agency and Brokerage Manager opportunities in New York and Connecticut. Contact our Agency Department!



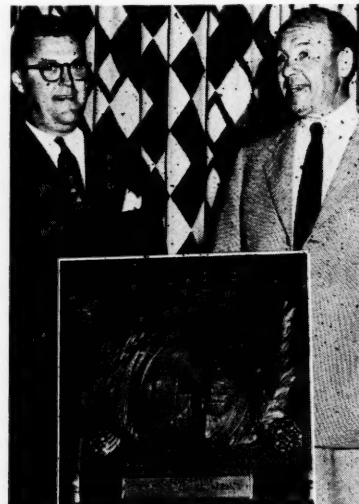
"Postal's good to Brokers"

### POSTAL LIFE INSURANCE COMPANY

511 Fifth Avenue, New York 17, New York

GEORGE KOLODNY, President

ONE OF THE FASTEST GROWING LIFE INSURANCE COMPANIES IN AMERICA



C. D. Maler, Denver, left, is being congratulated by President Malcolm Adam on winning the Penn Mutual Life's 1952 President's Award, shown in inset.

Norman, Louisville; "Key Man Insurance"—Robert W. Ebling, Jr., New York and Jerome H. Pennock, Philadelphia; "Close Corporations and Partnerships"—George W. Stewart, Pittsburgh, and Roy D. Simon, Chicago; "Pensions and Profit-Sharing Plans"—Sanford M. Bernbaum, Seattle.

While seminars were in progress, there was a meeting for the wives. After a greeting from Mr. Adam, Mr. Slattery spoke in praise of how valuable they had been to their husbands, mentioning the partnership angle of the agent and his wife in a business where the wife can contribute so much to her husband's success.

The company's C.L.U.'s attending the conferences met at breakfast, with Mr. Bernbaum, president of the C.L.U. organization, presiding. Brief talks were made by Mr. Slattery, Wallis Boileau, Jr., 2nd vice-president; Urban F. Quirk, assistant vice-president, and Aaron M. Royal, manager of field training. Arthur Swain, New York City, new president of the Penn Mutual C.L.U. Assn., also spoke.

A birthday celebration was sponsored by the Penn Mutual Agency Assn. to mark the company's 106th anniversary. A commemorative May sales goal of \$53 million written business was far exceeded, the May total being \$62,373,121. James M. Royer, Chicago, president of the association, presided.

Harry O. Rasmussen, Newark, new president of the agency association, presided at a session during which seven general agents summarized the previously held seminars. There also

(CONTINUED ON PAGE 13)



## Continuous Coaching

ROBERT M. MOORE's accomplishments with Pacific Mutual in 20 months as Agency Supervisor at Dallas earned him promotion to the home office as Agency Training Supervisor. "My General Agent worked with me constantly," Bob says, "and as Supervisor it's my responsibility to see my men get steady guidance too. *Continuous coaching* is the P.M. way. It keeps the lags out of production—keeps us all on the track."



## Pacific Mutual

LIFE INSURANCE COMPANY

HOME OFFICE  
LOS ANGELES, CALIFORNIA

"GIANT OF THE PACIFIC"

1868

LIFE • ACCIDENT & HEALTH  
RETIREMENT PLANS • GROUP

## COMPLETE PROTECTION

Agency Franchises Available

### JEFFERSON NATIONAL

*Life Insurance Company*

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# Sales Ideas That Work

## Get Sights for Multitudes to Get Big Volume, MDRT Room Hoppers Told

Package selling leading to a large volume through insuring many lives was one of the room-hopping subjects at the Million Dollar Round Table meeting at White Sulphur Springs. It was reviewed at a session the next day that included also selling the doctor and other professional men, planning an agent's estate, and problems in Canadian underwriting.

Mark C. Muller, Phoenix Mutual, New York City, who was room host for the package selling, recommended trying to sell on the basis of the protection against living too long, dying too soon or becoming disabled. This leaves only this objection: what if there should be a depression and it should not be possible to maintain the contract? The clincher for that is to concede frankly that it is not a short term plan but that except for the first couple of years the policyholder can pull out and be money ahead. He said that even if only a \$5,000 policy is sold it should be set up on some sort of option, even the interest option. This precludes honest and constructive criticism by some agent who may come along later.

Mr. Muller deplored the use of "picayune criticisms" designed to shake the prospect's faith in the work of the

agent who handled his insurance before.

"There is no reason why we shouldn't say that the agent did a good job, if he did," said Mr. Muller. "Then make an honest effort to sell additional insurance." He advised against making meaningless changes in a properly set up program just for the sake of impressing the prospect. Doing this, he said, impairs the prospect's faith in the integrity of all insurance men.

A. C. F. Finkbiner, Jr., Northwestern Mutual, Philadelphia, the host at the session on selling doctors and other professional men, said the best time to call on internes and residents is toward the end of their working hours or during ward visiting hours because when ward patients receive visitors the doctor is not normally busy. Week-ends, when offices of other prospects are closed, is also a good time to call on internes and residents. For practicing doctors, Mr. Finkbiner recommended calling at the end of office hours, or phoning in the evening between nine and 10 except that on Sundays this can be from seven to 10.

Mr. Finkbiner recommended stressing how competent the prospect's former agent has been. If the program has been well taken care of, it should

be let alone. If not, the agent can tell the prospect that it is good to have two opinions just for comparison.

Mr. Finkbiner's co-host, W. J. Kinnally, Northwestern Mutual, Milwaukee, mentioned the possibility of doctors who practice as partners forming an association that could be covered by a pension plan.

Mr. Finkbiner summed it up by saying, "Call on one doctor a day for 60 days and you'll be in the doctor business."

The room session on planning the agent's estate, though starting off with comparatively few participants, gathered steam and did not conclude until midnight. A. D. Reed, Northwestern Mutual, Nashville, who was co-chairman of this session, said that agents should think about planning their estates because it is often found that they have failed to do this. It also increases their effectiveness in dealing with prospects. He said it is a good thing in current operations to join forces with another agent or agents. In this way the group can give more comprehensive service and also advise with each other. The vacation problem is easier, also the collection of renewal commissions on the death of any one of the group, because persistency is better if an agent's clientele does not become orphaned.

He suggested the possibility of incorporation to handle some of the agent's business. He mentioned one agent who put his wife and children

in the corporation and who would then throw group and renewal commissions into it. The agent becomes an employee of the corporation and gets a salary equal to far less than his commissions. He mentioned that it might be necessary for a wife to perform some service to warrant the compensation she would receive.

As to planning for deaths, Mr. Reed said there should be a buy and sell agreement with another agent or a younger associate. The value would be established for tax purposes, there would be an assured sum, a value would be set for good will rather than just selling for the bare commissions. There would also be a higher persistency. He mentioned that some companies will agree to a payment of commissions on a level basis after death, although some other companies won't do it. Another plan is to substitute group insurance for renewal commissions, which is the plan used by Manufacturers Life of Canada.

A lot of agents get too mixed up with technicalities and become counsellors instead of salesmen, according to Max M. Matson, Mutual Benefit Life, Cleveland. Mr. Matson made this point in reviewing the Million Dollar Round Table room-hopping session on buy and sell agreements at which he was host. His review was a feature of the business insurance review that covered four room sessions, others being on

(CONTINUED ON PAGE 13)



### "HERE'S HOW BORDERLINE RISKS ARE HANDLED AT CAPITOL LIFE

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ROY W. GRIFFIN, Agency Manager  
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THOMAS F. DALY II, Vice President  
and Director of Agencies



## 300 to Attend Pan-Am Convention at New York

More than 300 are expected to attend Pan-American Life's national convention at the Hotel New Yorker, New York City, Aug. 10-12.

Delegates are those who qualified over an 18 month period. They will be welcomed at an opening luncheon by James A. McLain, president of Guardian Life, and that evening will attend the president's reception and dinner dance.

Tuesday, Aug. 11, members of the Dynamo Club, the company's leading producers, will be honored at a breakfast, and on Wednesday a business session will be held in the grand ball-

room of the Hotel New Yorker. President Crawford H. Ellis will preside and talks will be given by Karl H. Kredder, 3rd vice-president Metropolitan Life; Fisher E. Simmons, Jr., assistant supervisor for Louisiana of Pan-American; Brice F. McEuen, director of schools of Life Insurance Agency Management Assn., and Kenneth D. Hamer, vice-president and agency director Pan-American.

## Final L.I.A.M.A. School's Set

L.I.A.M.A. is holding its final two agency management schools at the Edgewater Beach hotel, Chicago. They both are for ordinary companies and will be held July 13-24 and July 27-Aug. 7.

## Correct Minimum in Old Line Participating Whole Life

The new participating whole life plan brought out by Old Line Life is issued in a minimum amount of \$10,000 rather than \$5,000 as mistakenly reported in a recent issue. Under a new policy, which has a \$100,000 maximum, it is available both to male and female risks from ages 10 to 65. There is provision for a first-year dividend contingent upon payment of the second year's premium in full.

The new plan replaces the original participating whole life plan. This is available to standard and sub-standard risks.

As noted in the previous item, the company's present life paid-up at 85 policy on a participating and non-participating basis, which previously was limited to \$4,999, is now being written up to \$100,000 face amount.

## R. W. Walker to Continue in N. W. Mutual Actuarial Post

R. W. Walker, who resigned recently as assistant actuary of Northwestern Mutual Life, to take a position in Atlanta, has withdrawn his resignation for family reasons and has been reappointed assistant actuary effective July 16, according to Elgin G. Fassel, actuary.

## New Orleans Assn. Elects

New president of New Orleans Assn. of Life Underwriters is E. P. Flynn, Prudential. Barney Segal, Prudential, and Cyril M. Scully, Lincoln National Life, are vice-presidents; Walter M. Taylor, Life of Virginia, secretary, and Leo Lob, Home Life, treasurer.

## Friedler Heads C.L.U. at N. O.

Frank Friedler, Home Life of New York, has been elected president of New Orleans C.L.U. chapter. Justin J. Hanau, Prudential, is vice-president; Maurice M. Stern, Union Central, secretary, and C. J. Eagan, Jr., Fred Lietz Life, treasurer.

## Provident Mutual Has Gains

Provident Mutual's new paid business for the first half of 1953 totaled \$70,347,000, an increase of 12.5% over the corresponding period of 1952. Insurance in force rose to \$1,540,000,000.

New investments for the first six months totaled \$44 million, yielding a gross return of 4.19% as against a 3.99% for the first half of 1952.

## National, Vt., Has Increase

Sales by National Life of Vermont for the first six months of this year totaled \$74,750,361, an increase of 9.08% over the corresponding period last year. Premium income of \$3,236,779 was 7.46% higher.

Sales and premium income last month showed an increase of 18.16% and 20.49%, respectively, over June of last year.

The Atlanta agency topped all others in production for the first six months.

## Miltenberger La. President

Henry J. Miltenberger, New England Mutual Life, was installed as president of Louisiana Assn. of Life Underwriters at its annual meeting at Shreveport. Louis Gregory, Great Southern Life, is the new vice-president and Cyril M. Scully, Lincoln National Life, is secretary.

On July 18 three officers will move on to Alexandria for the association's leadership school, at which Mr. Gregory will be instructor.

## Ariz. Code Hearing Aug. 6

A hearing has been scheduled for Aug. 6-7 on the proposed Arizona insurance code at Phoenix.

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## MONUMENTAL LIFE INSURANCE COMPANY

HOME OFFICE • CHARLES and CHASE STREETS  
BALTIMORE



## Illustrated "Policy" Is New Sales Aid

Made to look like a real life insurance policy, even to a policy jacket with a cellophane window, *What's in Your Policy* has just been issued by the National Underwriter Co. for the use of agents who want to give their prospects a new understanding and appreciation of the real values of a life insurance contract. Instead of the legal language of the typical life insurance policy, *What's in Your Policy* is filled with vivid and motivating pictures and text.

It pictures the basic financial needs of the family and their solution through life insurance. It helps the prospect measure the nature, extent and importance of his family financial problem, and his need for expert help. It gives him a whole new understanding and appreciation of life insurance—what it really is and what it can do for him and for his family.

H. P. Gravengaard, the author, is vice-president of the National Underwriter Co. and editor of the *Diamond Life Bulletins*. He is the author of the Gravengaard business insurance texts and brochures and many other publications. *What's in Your Policy* is published by the *Diamond Life Bulletins* department of the National Underwriter Co., 420 East Fourth street, Cincinnati 2. Prices are \$1.50 for single copies, \$1.25 each for two or more; sets of five, \$1 each. The price includes the policy jacket.

## Labor Groups Seek Direct A. & H. Writing, Assn. Says

LeRoy Hunter, president of King County (Ore.) Insurance Assn., has charged in a bulletin to all companies licensed in the state that write A. & H. that an effort is being made by "representatives of some Washington state labor groups to encourage insurers to enter into group contracts which do not provide agency and brokerage services or commissions, and which supposedly give the insured the benefit of such commissions in the form of reduced premiums or retentions."

"We are concerned over this trend since we have always advocated strong adherence to the principles of the American agency system," he said. The letter invites the companies to give their reaction to the reported direct writing attempts on the part of labor groups.

## National L. & C. Is Now Legal Reserve Insurer

National Life & Casualty of Phoenix has been reorganized as a legal reserve capital stock company. Revised articles of incorporation have been filed with the Arizona corporation commission and \$100,000 in securities deposited with the state treasurer, this representing the company's capital stock.

Robert H. Wallace is the president and the executive vice-president and chairman is Michael O'Sullivan. Mr. Wallace is a member of the Arizona house and was one of those chiefly involved in the bitter controversy over the adoption of a new insurance code in Arizona. The point of difference that calls a year's postponement of action was the question of whether the domestic benefit companies should be investigated.

National Life & Casualty in its June report shows about \$20 million of insurance in force, making this the leading Arizona life company. The assets

are about \$500,000. The company under its benefit charter has been restricted to \$3,000 life insurance per individual.

Edward Jacobson is the vice-president of National L. & C.; Malcolm Bayley is vice-president; Robert C. Bohanan, Jr. is treasurer; and George B. Sharp is secretary. All are from Phoenix.

## List Faculty, Topics for C.L.U. Institutes

Faculty members and their topics have been arranged for the C.L.U. institutes to be held at the University of Wisconsin, Madison, July 20-31, and at the University of Connecticut, Storrs, Aug. 3-14.

Director of the institutes is Earle W. Brailey, New England Mutual Life, Cleveland. Associates are Laurence J. Ackerman of the University of Connecticut and Dr. Charles C. Center of the University of Wisconsin.

Madison, first week: "The Will in Estate Planning"—George J. Laikin, Milwaukee attorney; "The Trust in Estate Planning"—Daniel M. Schuyler, Chicago attorney; "Tax Savings by Gifts and Trusts" and "Powers of Appointment"—Winfield Durbin, Chicago attorney; "Problems of Estate Administration"—Charles Roubik, vice-president Harris Trust & Savings Bank, Chicago; "Current Social

and Economic Problems"—E. A. Gaumnitz, University of Wisconsin; "Income and Estate Tax Problems of Assets in Probate"—Harold Shircliffe, Chicago Title & Trust Co.; "A Practical Analysis of the Thomas Case"—Lawrence G. Knecht, Cleveland attorney.

Second week: "Partnership vs. Corporation as Means of Doing Business" and "Basic Ingredients of Partnership Agreement"—George H. Young, University of Wisconsin law school; "Valuation of Partnership Interest"—Rollin B. Mansfield, First National Bank, Chicago; "Income Tax Problems of Partnerships"—Ronald Mattox, Madison C.P.A.; "Financing Partnership Agreements"—Charles B. McCaffrey, assistant director of agencies Northwestern Mutual Life; "Special Problems of Professional Partnerships"—K. Raymond Clark, Chicago attorney; "Problems in Dissolution of Commercial Partnerships"—Roland D. Hinkle, Equitable Society, Chicago.

Storrs, first week: "Wills"—Denis B. Maduro, New York attorney; "Trusts"—Henry C. Smith, New York attorney; "Powers of Appointment" and "Problems of Estate Administration"—Samuel L. Zeigen, New York attorney; "Social and Economic Problems"—Martin R. Gainsburgh, chief economist and director division of business economics, National Industrial Conference Board; "Income and Estate Tax Problems of Assets in Probate"—Barton E. Ferst, Philadelphia attorney; "Tax Problems in Connection with Personal Life Insurance and Annuities"—Robert J. Lawthers, manager benefit and insurance trust department, New England Mutual Life; "A Practical Analysis of the Smith Case"—Lawrence G. Knecht, Cleveland attorney.

Second week: "Close Corporation vs. Partnership as a Means of Doing Business"; "Compensation of Corporate Executives" and "Ingredients of a Buy-and-Sell Agreement and the Tax Problems Involved"—Milton Young, New York attorney; "Valuing the Business Interest"—Laurence J. Ackerman, University of Connecticut; "Insurance Arrangements in the Financing of the Buy-and-Sell Agreement"—

Mr. Lawthers; "Income Tax Problems of the Small Corporation" and "Analysis of Corporate Financial Statement"—Mr. Ferst; "Current Corporate Needs for Life Insurance"—John O. Todd, Northwestern Mutual Life, Chicago.

## Beck to Be Deputy Chief of Insurance in New VA

WASHINGTON—Veterans Administration reorganization will become effective Sept. 7, when Charles G. Beck will become acting deputy administrator for insurance.

H. V. Stirling, acting VA administrator, has approved establishment of an insurance center and a veterans benefits office in Washington. Acting managers and assistant managers for these offices will report to the deputy administrator for insurance and deputy for benefits, respectively.

## New Personnel Chief for Continental Companies

William H. Thompson has joined Continental Casualty and Continental Assurance as director of personnel in the home offices. He resigned as director of personnel for General of Seattle. Prior to that he was in charge of employee relations for Hartford Accident. He attended Syracuse university, Cornell and Trinity.

# LOW-COST PROTECTION

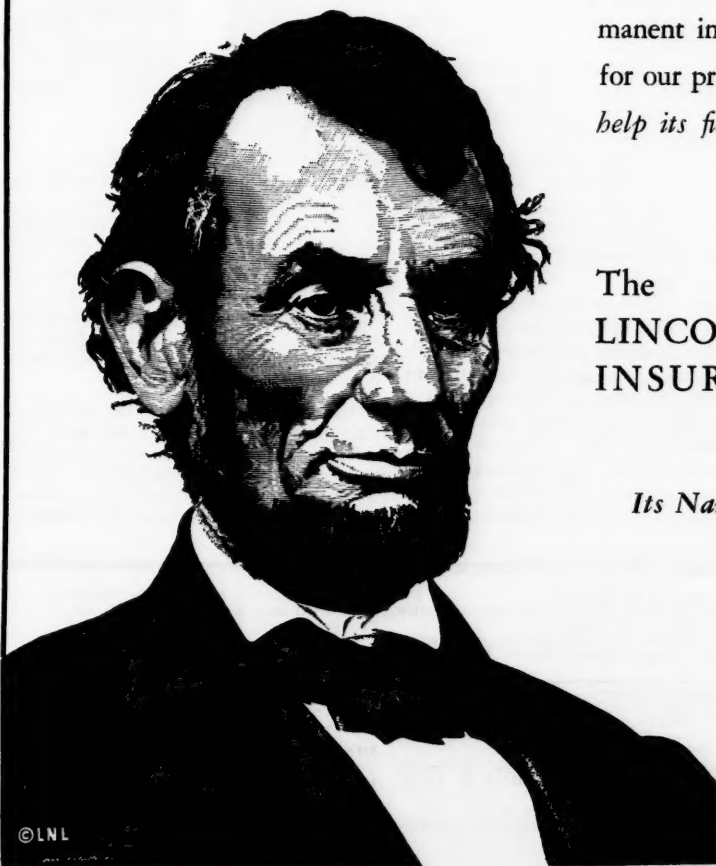
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## EDITORIAL COMMENT

### The Connecticut Companies' Tax Problem

The life companies' federal income tax is further illustration of the troubles caused by the special character of the insurance business and the difficulty of getting taxing authorities and legislators to treat it as a unique type of institution.

Insurance companies are the victims not only of unwillingness of the taxers to learn enough about the business to be able to agree on a fair basis, there is also the political danger that any politician can see in giving any one industry special tax treatment. Opponents of the plan to reduce Connecticut companies' taxes at the last session based their case on the fancied unreasonableness of cutting the insurers' taxes when other taxes were being raised. By talking loudly enough about this they managed to divert attention from the fact that the tax cuts were aimed only at correcting an obvious injustice. The opposition couldn't keep the reductions from squeaking through but they did manage to keep them from continuing the scale-down process that the original bills provided for.

That means that the battle will have to be fought again at the next session. It is none too early to start the necessary educational process.

The tax problem of Connecticut in-

surers, which are said on unquestionable authority to be the heaviest taxed in the entire country, illustrates the basic difficulty that insurance faces with taxes that are imposed on business generally. This difficulty is that insurance is a special business, unlike any other. There is no "product" in the ordinary sense. It means that taxing authorities and the legislators have to either do some intensive thinking to devise an equitable basis of tax and equitable rates that should apply or else avoid this mental exercise and try to distort a formula applicable to the general run of businesses so it can be applied to insurance.

The trouble with the latter approach, which of course is by far the easier, is that it may work with seeming fairness under the conditions of the moment but it becomes grotesquely inappropriate when conditions change. This is why the Connecticut law has had to be changed periodically beginning in 1945. It was producing revenue so far out of line with even the most exaggerated concept of the Connecticut insurance companies' tax obligations. Even with the reductions made by the 1953 legislature the results are still highly inequitable. To repeat, now is the time to start the educational process.

### Frustrating the Welfare Fund 5 Percenters

Superintendent Bohlinger's investigation of racketeering in connection with welfare funds in New York is a wholesome move. The issue has been agitated by an article in *The New York Times* and public attention is going to be focused on this matter. It is well to get the atmosphere cleared and that the investigation should do.

The amounts involved in these welfare funds are enormous and they are continuing to increase. There seems to be no end in sight. There are great temptations involved.

These huge sums administered in committee or lodge fashion offer temptations and if little by little practices that depart from the highest standard of trusteeship should be permitted to become established and get recognition and become labeled as "legitimate graft," so to say, there could develop such a labyrinth of pay-off stations that when the inevitable expose came there would be a scandal that would fairly rock the insurance business along with those responsible for administering the welfare funds.

We think that Mr. Bohlinger's investigation will establish that to an overwhelming extent these transactions are cleanly handled, but in any event the investigation will serve as a warning to welfare fund 5 percenters.

Investigation will probably show that the main line insurance companies have been policing this business in commendable style. It may be found that the obnoxious practices are far less prevalent than they were a couple of years ago. For instance, the companies are thoroughly hep to the system of rolling over cases so that the broker can always get first-year commissions with which to take care of the 5 percenters.

Up until a couple of years or so ago, and especially in New York, some brokers were shopping all the time, offering big cases with good loss ratios to companies, handing these around on a silver platter. The motive was practically always to get a new first-year commission so as to have enough margin to pay administrative fees, or what have you, to those that controlled the

line. It is increasingly difficult for brokers to roll the cases over these days and the main line companies, particularly, won't lend themselves to such schemes. So long as the renewal commission scale is all that is payable, there isn't too much available to spread among pay-off stations.

There is some suspicion when administrative fees of, say, 5% are allowed. On the very largest cases, the insurance companies' administrative costs run between 1 and 2% and when the bookkeeping and other administrative work is left to the trustees an allowance of more than that may very well constitute an over-payment. This might not mean that money was ac-

tually going into undeserving hands; it might merely be a matter of financing some empire-building; that is, creating jobs for those in the management circle to have at their disposal. But even so, that kind of thing is inappropriate and falls short of the highest trusteeship ideals.

We feel confident that there is no scandal so far that will jeopardize the continuance of these plans in their present form and in the private enterprise framework and that is the best time to have such an investigation. Mr. Bohlinger deserves praise for undertaking this and the fullest kind of support in getting to the bottom of matters.

## PERSONAL SIDE OF THE BUSINESS

**Roland D. Hinkle** of Chicago was honored by associates of the Hodder agency of Equitable Society there on his 30th anniversary with the company. Mr. Hinkle, who long has been active in C.L.U. affairs, is a past president of the American Society and will serve on the faculty of the C.L.U. institute to be held at the University of Wisconsin July 20-31.

**Raymond R. Brown**, president of Standard of Oregon, has been elected president of Junior Achievement of Portland, Inc., a civic activity giving high school students lessons in business.

**Edward B. Bates**, new Connecticut Mutual general agent at Los Angeles, formerly headed the company's Kan-

She outlined an eight-point program to enable women "to make their full contribution to our lives and times."

**Clarence C. Klocks**, who retired late last year as legislative counsel of Northwestern Mutual Life, has been retained as Washington representative of National Board of Fire Underwriters. He is operating in Washington on an independent basis and with National Board he replaces General Frank Dickson, who died recently.

**Ralph B. Cousins**, vice-president of Pacific Mutual Life, has been appointed to the Los Angeles board of airport commissioners.

**Mrs. W. A. Howard** of the D. J. Farrell agency of Pacific Mutual Life at San Antonio was honored at a dinner in recognition of her 35th anniversary as a representative of the company. Mr. Farrell was host and Dr. F. R. Anderson represented the home office.

**Kenneth R. Strang**, manager of the Motor City (Detroit) district of John Hancock, is on a six-week trip abroad. He is accompanied by Mrs. Strang.

**Lt. Col. Gilbert W. Embury**, formerly personnel specialist for Northwestern Mutual Life, has been promoted to colonel. He is chief of staff 84th Infantry Division.

**Ruth Kelley**, general agent for Manhattan Life at Detroit, is on a tour of Europe and will not be back until September. She is a former chairman of Women's Quarter Million Dollar Round Table.

The Senate has confirmed appointment of **Eldon C. Upton**, New Orleans general agent for Mutual Benefit Life, as a member of the Maritime Board for a four-year term. Mr. Upton will commute to Washington when necessary and will continue in his present Mutual Benefit Life post.

**Gordon H. Campbell** of the firm of Campbell & Vineyard, veteran Aetna Life general agent at Little Rock, left



E. B. Bates



L. B. Leach

sas City general agency. He is succeeded in the latter post by **Lendol B. Leach**, who has been supervisor there. Mr. Bates started with Connecticut Mutual at Chicago as a supervisor, going to Kansas City in 1949.

**A. J. McAndless**, president of Lincoln National Life, has been named by Gov. Craig as chairman of an Indiana state commission to study public employee retirement funds.

**Miss Helen Irwin**, registrar of Equitable Life of Iowa, made the keynote address at the annual meeting in Boston of the National Federation of Business and Professional Women's Clubs, of which she was president for 1952-53.

## THE NATIONAL UNDERWRITER

—LIFE INSURANCE EDITION

PUBLICATION OFFICE:

175 W. Jackson Blvd., Chicago 4, Ill.

CIRCULATION OFFICE:

420 E. Fourth St., Cincinnati 2, Ohio

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hands; home July 16 on a European trip, accompanied by his wife. The Campbells will sail from New York July 18. By motor, they will tour through France into Switzerland, and have a week in Paris before returning Aug. 27.

**Emmett Russell**, vice-president of Life and Casualty of Tennessee, has been elected vice-president of the Tennessee Federation of Exchange Clubs.

**Carl Pearson**, special assistant to Superintendent Bohlinger of New York, with his wife and three children is on a Chicago vacation. Both Mr. and Mrs. Pearson's parents reside there and this is familiar territory to him as he was with the old Chicago Journal of Commerce, handling insurance editorial work.

At a luncheon at Philadelphia attended by a number of prominent fire insurance executives, honoring **Dr. S. S. Huebner**, organizer and for many years president of the American College, who has just retired as professor of insurance at University of Pennsylvania, announcement was made of a grant by National Board of Fire Underwriters to enable Dr. Huebner to visit South America to study insurance methods there in the coming months. Dr. Huebner now has the title of emeritus professor of insurance and commerce.

## Company Loan Rights Head for Second Test in Pa.

**SCRANTON, PA.**—The right of life companies to charge compound interest on loans to policyholders, which was decided in Lackawanna county court in 1940, is headed for a second test.

The court ruled that companies had the privilege of collecting compound interest at 6% in the 1940 decision. Attorney for the plaintiff in the new case involving \$530 said that certain companies have apparently been disregarding the 1940 ruling.

## Hear Dr. Reeder at Chicago

Two movies were shown at the July meeting of Chicago Home Office Life Underwriters Assn. After the films, comments were made by **Dr. C. L. Reeder**, medical director of Continental Assurance.

The association will hold its annual golf outing Aug. 6 at Arrowhead Country Club near Wheaton, Ill.

## DEATHS

**NED N. SKOLNICK**, 63, president and founder of Great Fidelity Life, Indianapolis, died. He formed the company a year ago. A veteran of both world wars, Mr. Skolnick was first president of United Home Life, Indianapolis, and had been with Prudential for 26 years prior to that.

**JOHN AHERN**, 82, former general agent at Minneapolis for Massachusetts Mutual Life, died.

**J. EARL PULLEN**, 58, manager at Toledo for Ohio State Life, died at Washington, D.C., on his way home from Asheville, N.C., where he attended his company's annual agency meeting.

**ELMER R. DEEVER**, 71, president and director of Quaker City Life since 1920, died at Philadelphia.

**JOHN F. MacLENNAN**, 85, who before his retirement 20 years ago was comptroller of the old Springfield Life, died at Rutledge Manor nursing home, Springfield, Ill. Ill for more than a year, Mr. MacLennan had resided at the nursing home for several months.

**HOMER S. BIDDLE**, district manager at Altoona, Pa. for Penn Mutual Life for 26 years, died.

**W. FRANK HORNE**, assistant vice-president and supervisor of claims for Northern Life of Seattle, died in his sleep while on a fishing trip with a daughter. He had been with the company 40 years, having started as office boy and switchboard operator.

**WALTER L. PIERCE**, 69, for 21 years district manager at Cumberland, Md., for Metropolitan Life, died there. Retired since 1948, he had been in poor health for two years.

## New Capitol National Head

**L. B. Hartgrove** has been appointed president of Capitol National Life, Houston. He formerly was executive vice-president and director of agencies of First American Life, Houston.

## Charleville Successor Named

**Nancy K. Grobert**, formerly in the public relations department at the

western home office of Prudential at Los Angeles, has been appointed executive secretary of Life Underwriters Assn. of Los Angeles. She succeeds **Joseph Charleville**, who retired July 1, after 25 years in that position.

## A. F. L. Union Forms Own Life Company

**Amalgamated Labor Life Ins. Co.** is being formed as a life and A. & H. insurer of members of A.F.L.'s Amalgamated Meat Cutters & Butcher Workmen, numbering several hundred thousand. The company, to be owned solely by the union, has a name similar to the only other insurance company owned by a union, Amalgamated Ins. Co., owned by the C.I.O.'s Amalgamated Clothing Workers.

This latter company retains the exclusive right to overall insurance for

all benefits that may be called for in a union-management contract, since Amalgamated Labor Life will not handle pensions.

Giving the A.F.L. union its own legally chartered insurance company makes it the second union to be obliged to open its books to government inspectors for examination of payment and investment practices. The C.I.O. company heretofore had been the sole organization of its kind to be thus obligated.

President of the Meat Cutters union is **Earl W. Jimerson** and **Patrick Gorman** is secretary-treasurer.

## Passes \$100 Million Mark

A \$9 million increase since the first of the year has enabled Michigan Life to pass the \$100 million mark of life insurance in force.

## Results for First Six Months Given

	1953 New Life Ins. Bus.	1952 New Life Ins. Bus.	1953 In Force Inc.	1953 In Force Inc.
Amicable Life	16,419,936	14,457,429	8,421,223	7,576,063
Atlantic Life	17,857,150	16,384,098	11,281,358	11,182,608
Baltimore Life	20,636,123	20,252,693	8,933,275	9,953,380
Bankers Life, Iowa	79,087,617	77,997,588	51,722,751	45,696,038
Boston Mutual	11,939,884	9,945,607	7,519,173	6,544,795
Central Life, Iowa	21,843,749	19,373,373	10,255,335	8,814,679
Columbus Mutual	23,328,046	28,211,517	13,645,969	19,545,623
Colonial Life	22,660,988	20,682,967	12,164,934	12,182,123
Commonwealth Life	90,786,053	64,092,769	50,443,813	30,903,180
Confederation Life	75,973,707	65,732,514	65,657,735	49,999,619
Connecticut Mutual	174,584,193	136,321,917	124,490,087	90,109,776
Continental American	17,130,333	15,881,140	9,333,061	8,474,706
Dominion Life	34,815,732	28,354,305	26,906,374	16,287,376
Equitable Iowa	63,562,415	58,106,517	32,663,397	31,230,835
Farm Bureau Life	75,969,420	67,366,746	47,896,568	46,982,378
Guarantee Mutual	14,513,116	14,167,763	5,154,579	5,033,161
Industrial Life	37,043,915	35,655,367	24,123,768	25,376,510
John Hancock	680,879,627	545,810,176	562,521,402	436,772,761
Kansas City Life	69,554,098	52,525,936	35,840,622	26,139,667
Lincoln National	433,993,845	349,874,671	231,438,696	229,430,852
Luthern Mutual	14,991,188	14,002,297	12,000,000	11,530,000
Manhattan Life	44,608,048	38,327,625	30,461,285	27,614,459
Midland Mutual	15,491,214	13,343,109	9,535,523	7,676,523
Mutual Life	173,400,176	150,600,602	72,759,890	56,299,927
National of Vermont	76,217,558	69,710,968	42,513,435	44,727,867
New England Mutual	225,182,521	196,700,483	148,111,257	135,750,754
North American Life	58,155,394	48,939,680	40,176,614	30,581,748
Northern Life, Seattle	13,219,673	13,167,531	6,931,738	6,841,139
Northwestern National	52,776,421	52,639,986	29,086,839	5,563,182
Pan-American Life	63,459,942	59,917,596	31,543,560	21,562,794
Paul Revere Life	30,200,668	27,532,652	22,556,341	20,281,509
Provident Mutual	70,593,314	62,742,429	33,257,033	28,614,801
State Farm Life	68,813,503	43,478,934	48,986,102	25,415,000
Sun Life, Md.	17,218,365	11,712,407	11,640,623	6,117,705
Union Central	106,562,496	76,945,045	64,353,544	37,145,507
Union Labor	55,434,160	13,479,817	84,421,604	20,591,963
United Benefit	65,572,493	61,645,694	38,693,431	29,938,323
World Ins. Co.	59,245,908	41,433,467	13,157,753	23,284,103

<sup>1</sup> Figures in the four columns include the following respective industrial amounts: \$11,145,975, \$10,421,389, \$4,206,340, and \$3,751,811. <sup>2</sup> Figures include ordinary business only. <sup>3</sup> Includes \$534,237 of revivals and increases for the first six months of 1953 and \$683,213 for the same period of 1952. <sup>4</sup> Includes \$759,416 of revivals and increases for the first six months of 1953 and \$816,720 for the same period of 1952. <sup>5</sup> Increases are approximate pending exact calculation of increased death benefits in certain juvenile policies. <sup>6</sup> Includes dividend additions. <sup>7</sup> Includes group of \$7,946,688. <sup>8</sup> Includes \$7,929,448 of revivals and increases for the first six months of 1953 and \$5,981,420 for the same period of 1952. <sup>9</sup> Includes \$12,310,536 of revivals and increases for the first six months of 1953 and \$15,062,169 for the same period of 1952. <sup>10</sup> Includes \$6,861,537 of revivals and increases for the first six months of 1953 and \$2,159,893 for the same period of 1952.

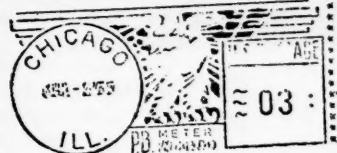
## CENTRAL STANDARD LIFE INSURANCE COMPANY

Founded 1905  
Chicago 6, Illinois

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The four distinct programs included in our Direct Mail Prospecting Service guarantee live leads . . . This field-tested service offers more than a dozen profitable solutions to any prospecting problem. Your Direct Mail kit will be mailed on request.

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## LIFE AGENCY CHANGES

### Life of Ga. Makes Changes in Alabama, Florida, Georgia

Four new field supervisors have been appointed by Life of Georgia in connection with management changes in Alabama, Florida and Georgia. They are C. R. Waites, formerly assistant manager at Savannah, Ga.; L. A. Weeks, former district manager at Montgomery, Ala.; R. L. Phillips, former district manager at Valdosta, Ga., and D. T. Sills, former district manager at Savannah, who is moved to Gainesville, Fla.

Other changes include: William Starling, from division manager at Panama City, Fla., to district manager at Montgomery, Ala.; Charles Earwood, from district manager at Gadsden, Ala., to district manager at Opelika, Ala.; John McGehee, former division manager to manager of an enlarged Decatur, Ala., district; O. R. Dobbs, Jr., from division manager to district manager at Valdosta, Ga.; Claude Sills, from division manager to district manager at Savannah, Ga.

The changes resulted from a territorial realignment in which the north-

ern Alabama division was combined with the central Alabama division, the northwest Florida division was combined with southern Alabama division, the coastal Georgia division was combined with central Georgia, and southern Georgia was combined with north-east Florida.

### Washington Nat'l Names R. R. Reagan at Little Rock

Roy R. Reagan has been appointed general agent at Little Rock for Washington National. He was with Pacific Mutual Life for seven years as agent and agency supervisor.

### Open Shenandoah Branches at Louisville, Lexington

Two branches have been opened at Louisville and Lexington, Ky., by Shenandoah Life. The Louisville branch is located at 1401 Washington building, with Robert Mahoney as manager. At Lexington the manager is William H. Gerlach. The office is located at 910 First National Bank &

Trust building.

Mr. Mahoney has had 20 years experience in life insurance as well as 10 as a banker. Mr. Gerlach went with Shenandoah in 1950 as an agent at Clarksburg, W. Va. He was made assistant manager at Clarksburg last January. Following naval service he was vice-president of Davis-Elkins College.

### Franklin Life Names Dwyer General Agent

Franklin Life has named Emmett Dwyer general agent at Springfield, Mass. He was formerly assistant manager there for Prudential. Mr. Dwyer entered the business with that company at Scranton, Pa., in 1945, and became assistant manager there the following year. He transferred to Springfield in 1948. Mr. Dwyer is treasurer of Springfield Assn. of Life Underwriters.

### Bachmann Heads Pittsburgh Agency for Life of Va.

Adam Bachmann, Jr., has been named manager of the new ordinary agency opened by Life of Virginia at Pittsburgh. Mr. Bachmann has been with Wigginton agency of Bankers Life of Iowa at Pittsburgh since 1939, the last two years in a supervisory capacity. He is an air force veteran.

Associated with Mr. Bachmann will be his sister, Miss Claire A. Bachmann, also formerly with Bankers Life of Iowa.

### Pacific Mutual Names Five

Pacific Mutual Life has appointed the following group managers: D. Russell Armentrout, Atlanta; Thomas W. Freeman, Houston, and Jim Robb, Denver. New assistant group managers are A. F. Bubenias, Dallas, and Roy H. Wishmeir, Philadelphia.

### N. Y. Life Raises Hammond

O. E. Hammond, formerly manager at Indianapolis for New York Life, has been promoted to field assistant in Kentucky, Tennessee, West Virginia, Ohio and Indianapolis, with headquarters at Cincinnati.

### Appoint Barris to Succeed Hans

Prudential has appointed Harry Barris regional supervisor at Rochester, N. Y., succeeding D. L. Hans who becomes district manager at Schenectady. Mr. Barris joined the company at Buffalo in 1932. Since 1951 he has been training consultant at Newark.

### Appoint Renwick, Waidman, O'Dell

Occidental Life of California has appointed Jack V. Renwick brokerage manager at San Antonio. He has been with the company there since 1950. The company has also named Jack Waidman assistant district manager at Seattle, Wash., and Paul S. O'Dell assistant district manager at San Francisco. Mr. Waidman was formerly with Mutual Life at Denver, while Mr. O'Dell had been with Equitable Society.

### Collects on Her Own Policy

Sarah O. Dillon, 95, of Ignacio, Col., is beneficiary of her own 15-pay life policy. The face amount, \$1,000, was paid by Occidental Life of California, reinsurer of Register Life of Iowa, from which Mrs. Dillon purchased the policy in 1903.

### Gifts Get Through to K.C.

The humorous story of how he finally managed to send home 750 ties and handkerchiefs from Madrid, Spain, to his home office staff in Kansas City, was recounted by W. T. Grant, chair-

man of the board of Business Men Assurance.

Mr. Grant told of the difficulty he had explaining that the 750 items were all gifts and were not meant for resale in the United States. The problem was resolved when the U. S. consul in Madrid went to bat for Mr. Grant and arranged for an export company to ship the presents to Kansas City.

### Heads Managers Committee

Robert F. Horn of Ohio State Life Mansfield, has been named chairman of the company's general agency managers committee. Other members are O. C. Amis, Lexington, Ky.; A. R. D'Emilio, Pittsburgh; John McClain, Detroit, and Vernon Brown, Tiffin, O.



### Our Successful Selections

An important factor in the growth and progress of The Union Labor Life has been our success in selecting highly competent men to represent our Company in the field.

In building our Agency Force we keep in mind the fact that these men are, in most cases, our personal contact with our policyholders and our policyholders' contact with us.

Our record of performance and service indicates that our Field Force has merited the confidence the Home Office has placed in it. A competent sales force is instrumental in affording our insurance protection to the growing numbers who recognize the merits and benefits of The Union Labor Life's coverages.

Security and Service for all

**THE UNION LABOR**  
Life Insurance Company

New York City 21

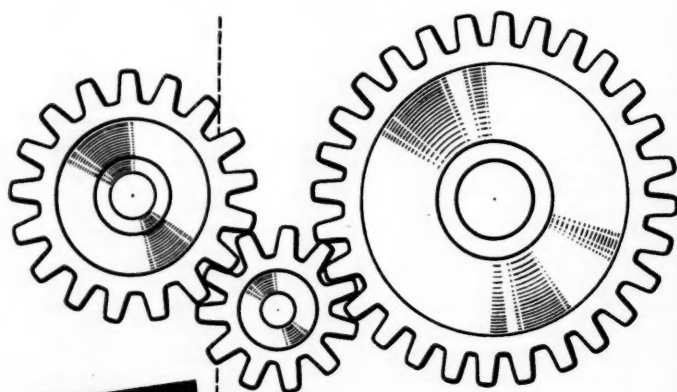
Matthew Woll, President

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A PHILOSOPHY  
IS GOOD  
ONLY IF  
IT WORKS

It is American United Life's philosophy that a policyholder benefits only if he gets the maximum value and service at a minimum of cost; that an agent benefits only if he is provided the maximum compensation for quality business; that the company benefits only if it puts good business on its books.

This philosophy is not too difficult to put into practice. American United is big enough to be big with assets of about \$100 millions and \$500 millions of insurance in force—yes, big enough to enjoy the advantages of bigness. American United is also small enough to be small, small enough to fit its sales plans to the personalities of its field men, small enough to know them individually.

Does this philosophy work? You'd be surprised. Year after year we break our own records, break them with business that does right by the policyholder, the agent and the company.



**AMERICAN UNITED LIFE INSURANCE COMPANY**

HOME OFFICE, FALL CREEK PARKWAY AT MERIDIAN ST.

INDIANAPOLIS, INDIANA



## COMPANIES

### N. W. Mutual Has Best June, 2nd Best 6 Months

Setting a new record in June sales of new life insurance by Northwestern Mutual Life agents, the past month also showed the 17th consecutive monthly gain in paid-for business. June sales totaled \$35,707,451, up 8% over the same month last year. The previous high of \$34,450,440 was set in June, 1946. Northwestern Mutual also recorded its second largest six months, with sales this year amounting to \$264,753,162, compared with the high of \$265,105,770 set in 1945. The first half of 1953 was 7.5% ahead of last year.

### Guardian's Six-Month Production Sets a Record

Guardian Life's paid-for total during the first six months of the year was the largest in its history. The first half total is up 9.7% over last year's previous record figure for the corresponding period.

### Eastern Up 81% for Half Year; Tries TV Advertising

NEW YORK—Eastern Life showed an 81% increase in paid business for the first half year. For the last five weeks the company has participated in a television program on Channel 11 in New York City on the "House Hunting with Bergton" program. It will be on again July 18.

### Connecticut Mutual Has Big Half-Year Gain; June Best

Connecticut Mutual Life chalked up an increase of 28% in new life insurance written during the first six months of 1953, as compared with the same period last year.

June was the largest new business month since the company was established. June business of \$31,097,859 was an increase of 39.7% over June, 1952.

### New Commerce Life Home Is Set to Go Up in Houston

A two-story home office building for Commerce Life and its subsidiary, Underwriters Investment Co., will be erected on a two-acre site at 10000 South Main, Houston. The new structure will include space for recreation for employees.

Cost of the site was \$32,000. President of both companies is R. K. Abbrat. Underwriters Investment Co. was organized last spring to handle investments for Commerce Life.

### Old National Will Build

Plans have been completed for construction of a six-story building in the 5700 block of Fannin street, Houston, to house the home offices of Old National Ins. Co. Work will start this fall on the structure, which will have 65,000 square feet of space.

Exterior will be of brick, terra cotta and glass; the lobby will have a marble finish and a floor of terrazzo, with an acoustical ceiling, and a fountain will be placed in the center of the lobby. Elevators will be automatic.

### New Fidelity Mutual Mark

Fidelity Mutual has recorded an increase of 15.5% in volume of business for the first six months of this year as compared with the similar period of

1952, and has noted a 17.1% rise in paid volume for the same six months over last year. The company's "year to date" paid total has broken all previous records for the 14th consecutive month.

### Prudential to Open Bids on Jacksonville Home

A two-story building will be erected by Prudential at Jacksonville to house temporarily part of the company's 872 employees who are slated to move into the 22-story south-central home office when the latter building is completed. Bids for its construction will be opened later this month and contracts will be awarded in August.

The temporary building, to cost \$350,000, will have 40,000 square feet of floor space. It will be completed in October and will serve until late 1954 or early 1955, when the permanent structure is scheduled to be finished.

### Atlantic Tops \$6 Million Goal in Phillips Campaign

Atlantic Life concluded its 53rd anniversary drive in honor of Charles W. Phillips, vice-president and superintendent of agencies, with paid-for business in excess of the campaign goal of \$6 million. Paid for business in June also set a new company record with \$7½ million written.

Leaders in merchandise points, paid premium income, and paid lives were, respectively, Herbert P. Jones, general agent at Pittsburgh; W. C. Woodard, Sr., general agent at Rocky Mount, N. C., and Donald Kreyer, Harrisburg.

### State Mutual Sets June High

State Mutual Life last month recorded the largest amount of ordinary paid for business of any June in its history.

Led by the New York Cerf agency and closely followed by the New York Young agency, the field force paid for more than \$11 million last month, a 12% increase over June, 1952, and \$1 million more than its previous record for June, which was established in 1951.

For the first six months, State Mutual is running ahead of 1952 production figures.

### Shenandoah Records Gains

A 53% gain in ordinary written business for last June over June, 1952, was reported by the ordinary division of Shenandoah Life. Total ordinary business last June was \$2,140,706, compared to \$1,399,215 in June, 1952. Ordinary paid business for June, 1953, showed a gain of 64% over June, 1952, the figures being \$1,663,788 and \$1,015,527, respectively.

For the first six months of 1953, ordinary written business totaled \$12,200,508, compared to \$10,055,376 in the corresponding period of 1952, a gain of 21%. Paid business for the six-month period through June 30 amounted to \$9,083,195, compared to \$7,437,156 for the corresponding period last year, a gain of 22%.

### Victory Mutual in Wis.

Victory Mutual Life of Chicago has become the first ordinary life company owned by Negroes to open an office in Wisconsin. Its branch at 2653 North Second street is managed by Eustace I. Naylor.

### New Business Special Plan

Bankers Life of Nebraska has adopted a business special policy, an ordinary life endowment at age 90 plan. It is designed for business insurance on a whole life basis. Minimum is \$10,000, ages 25-55.

## COMPANY MEN

### Hancock Names Bellinger to Boston Group Post

John Hancock Mutual has appointed Boyd C. Bellinger, former manager of claims at Chicago, coordinator of group claims at Boston.

The appointment produces the following chain reaction: Charles C. Ryder, claims manager at Indianapolis, succeeds Mr. Bellinger at Chicago;

Gordon C. Wilde follows Mr. Ryder at Indianapolis; Warren J. Dyke, claims man at Lawrence, Mass., becomes manager of group A. & H. claims at Boston; Wendell R. Hopkins of Chicago succeeds Mr. Dyke at Lawrence; P. F. Hines replaces Mr. Hopkins at Chicago.

### Angert Is V.-P., Agency Director, Blue Grass Life

Richard W. Angert, general agent at Cincinnati for Lincoln National, has been appointed vice president and director of agencies of Blue Grass Life, Covington, Ky. Blue Grass Life, or-

## THE CASE OF THE Millionaire BROKER

We'd like to tell you that he got his million through adding Mutual Benefit Life to his fire and casualty lines. Actually, however, he married a young widow who was really loaded.

But he did pick up a lot of extra commissions with MBL and without working too hard, either. The General Agent for Mutual Benefit Life was an eager beaver who worked out most of the proposals for him. All the broker had to do was to point out some of the unusual features exclusive with MBL—like high cash values on all types of policies...more flexible settlement options...higher annuity payments, and so forth. Of course, he had to endorse and deposit his commission checks and that did require quite a bit of time.

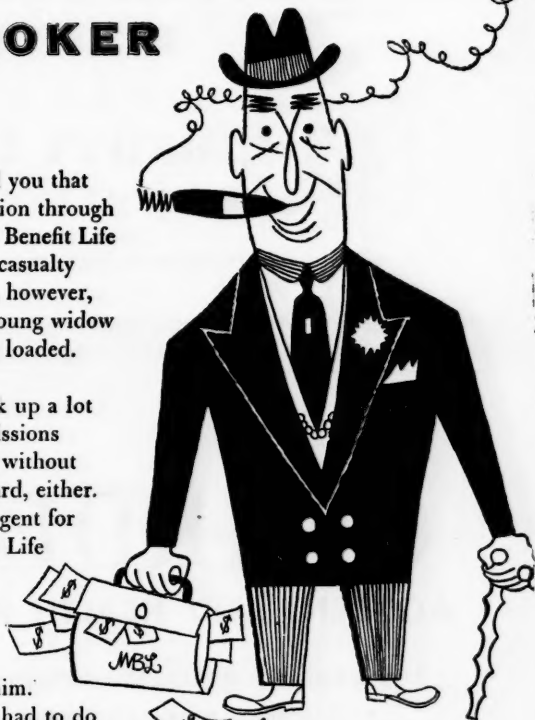
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**MUTUAL  
BENEFIT  
LIFE**

INSURANCE COMPANY

Organized in 1845

300 Broadway, Newark, New Jersey

While we can't put you in touch with a wealthy widow, we can do the next best thing, and that's to introduce you to our General Agent in your area. Just let us know—and remember, it's easy to do business with Mutual Benefit Life.



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## HAPPY DAYS AHEAD

...with Peace of Mind NOW

Good personnel relations begin at home. That's why Liberty has developed one of the most liberal Pension Plans in the insurance industry.

It is possible for members to retire at 75% of their annual earnings. One reason is that the Company's contributions provide benefits three or more times greater than the annuity purchasable by the member's own deposits.

An outstanding feature, also, is the Plan's provision for substantial benefits in the event of temporary or permanent disability.

This opportunity for added security is another advantage available to representatives and employees at Liberty Life.



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INSURANCE COMPANY

Home Office

GREENVILLE, SOUTH CAROLINA

FINANCIAL FREEDOM FOR THE FAMILY

## GUARDIAN

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- Commercial Accident and Health
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Life Insurance Company  
OF AMERICA

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OVER A BILLION DOLLARS INSURANCE IN FORCE

ganized in 1948, writes ordinary and A. & H.

Mr. Angert was general agent for Penn Mutual before going with Lincoln National. He is a veteran of the last war.

## Life of Virginia Names

## J. Maurice Miller Counsel

Life of Virginia has named J. Maurice Miller, Jr., counsel. Mr. Miller was formerly with the legal department of Southern States Cooperative, Inc., of Richmond. Before that he was a member of a Richmond law firm. Mr. Miller is a graduate of Washington & Lee University, and an air force veteran.



J. M. Miller, Jr.

## Heath, Breeding Elected

## United Bankers Officers

United Bankers Life has elected George F. Heath vice-president and Edwin B. Breeding treasurer. Mr. Heath, who will continue as claims director, will head the company's A.&H. division, and Mr. Breeding will continue as manager of the accounting and auditing division.

Mr. Heath, a member of the Texas bar, joined the company in 1952, and Mr. Breeding, a member of Texas Society of Certified Accountants and American Institute of Accountants, formerly was with the Dallas accounting firm of Harris, King & Co.

## Fellows in Mutual Life PR Post

Alonzo B. Fellows has joined the public relations division of Mutual Life.

Mr. Fellows graduated from Harvard University and completed two years of graduate work in sociology at the Sorbonne in Paris and at Louisiana State University. During 1952 he was with the Central Intelligence Agency at Washington. He is a navy veteran.

## "No Bills" in Bribe Case

A Fulton county (Ga.) grand jury has voted against indicting R. R. Cadle, an investigator for the Georgia department, and C. C. Bradley, former vice-president of Reserve of Dallas and now president of Eastern Ins. Co. of Raleigh, on charges of bribery. The grand jury case is one of the ramifications of the feud between Bankers Life & Casualty and Commissioner Cravey of Georgia.

The bill laid before the grand jury by Paul Webb, Georgia solicitor general, charged Cadle and Bradley each with six counts of bribery involving a television set, a \$11,500 loan and \$400 in cash.

## Push Lloyds DD Policy

Some agents are pushing the London Lloyds dread disease or DD policies these days. This is written on a family basis for a premium of \$15 for two years and for the individual the premium is \$7.50 and provides \$10,000 expense reimbursement for each person for treatment for polio, smallpox, spinal meningitis, diphtheria, tetanus, leukemia, and encephalitis.

## National L. &amp; C. Builds at Knoxville

Construction is scheduled for two district office buildings of National L. & C. at Knoxville, one on Lamar street and the other on Euclid avenue. Each will cost \$35,000.

Bar Assn. Insurance Unit  
Boston Program Is Ready

American Bar Assn.'s insurance section will hold its annual meeting Aug. 24-26 at Boston. Activities will actually get under way, however, Sunday Aug. 23, with a luncheon meeting of officers, members of the council and committee chairman.

On Monday there will be a joint breakfast meeting of several insurance laws committees, including life insurance and A. & H. The luncheon speaker will be Clarence Manion, former dean of Notre Dame University law school. There will be a general session that afternoon featuring speakers on each of the committee subjects and a panel discussion of a medical-legal case, with Lewis C. Ryan of Syracuse as moderator.

Joint breakfast committee meetings will resume on Tuesday, followed at 9:30 by another general session running through the day for the presentation of various papers. There is a reception and dinner dance scheduled for the evening.

Wednesday the new officers will be named and there will be a panel on trial tactics. Moderator is Judge Morris A. Soper, U. S. court of appeals, 4th circuit, Baltimore. Participants are J. A. Gooch of Fort Worth, Tex., new president of International Assn. of Insurance Counsel; Joseph H. Hinshaw, Chicago, and Walter Ely, Los Angeles. Alexander Holtzhoff, Washington, D. C., will speak on "Elimination of Surprise in Federal Practice"; and Kenneth B. Hawkins, Chicago, on "What's So Wrong About Surprise?"

Allen Again Heads U. S.  
Chamber Insurance Unit

Clinton L. Allen, president of Aetna Fire, has been reappointed chairman of the insurance committee of U. S. Chamber of Commerce.

The committee initiates the chamber's policies relating to insurance. It maintains close contact with the insurance and related activities of the federal government. It advocates continued state regulation of insurance, opposes socialized medicine and sponsors a national program of fire safety. Its international activities include sponsorship of the Hemispheric insurance conference. It also acts as the liaison group between the insurance business and the chamber's over-all program to maintain and promote a sound and dynamic economic system.

Members added to the committee this year are: Francis V. Keesling, Jr., 1st vice-president of West Coast Life; T. E. Leavey, president of Farmers Insurance Exchange of Los Angeles; David McCahan, insurance professor in business school of University of Pennsylvania; Charles E. Nail, president of Lumbermen's Mutual of Mansfield; H. Bruce Palmer, president of Mutual Benefit Life; Ralph Platts, president of Standard Accident; Bryan E. Smith, administrative vice-president of Liberty Mutual; Gus Wortham, president of American General.

Other members from the life side are: Edwin J. Faulkner, Woodmen Accident; Chester O. Fischer, Massachusetts Mutual Life; H. Clay Evans Johnson, Interstate Life & Accident; Lendon A. Knight, Royal Neighbors; James L. Madden, Metropolitan Life; John D. Marshall, Lincoln National, Washington, D. C.; Harold M. Stewart, Prudential, and A. L. Kirkpatrick, who is manager of the insurance department.

## Cincinnati Managers Elect

In addition to George R. Hammerlein, general agent for Minnesota Mutual, who is president, other officers of Cincinnati Associated Life General Agents & Managers are: A. P. Barringer, vice-president, and J. H. Farrar, Connecticut Mutual, secretary-treasurer.

Seefurth-McGiveran Corp., pension plan specialists, Chicago, has opened offices at 783 North Water street, Milwaukee.



## Penn Mutual Life 'Elites' Hold Canada Convention

(CONTINUED FROM PAGE 4)

was a talk by Karl Bach, San Francisco, on "I'm Investing in My Business." Mr. Bach, who paid for more than \$2 million of life insurance last year, is a strong believer in investing in stenographic help, advertising and gadgets.

At the close of the conference, Mr. Adam presented the 1952 President's Award to the C. D. Maier agency of Denver. The award, an impressive bronze tablet bearing the name of the winning agency, goes each year to the agency demonstrating outstanding progress.

## Getting Highest Persistency Rate for Policies Studied

(CONTINUED FROM PAGE 3)

of the implied obligation already fulfilled.

Policies sold to men already owning insurance in the same company are more persistent than those sold to men owning insurance in some other company—which in turn are more persistent than policies sold to men having no previous insurance. Ownership of an NSLI policy (in 1949) shouldn't be classified as ownership of insurance in another company. Policies sold to those having NSLI only are less persistent than those sold to men having an equivalent amount of insurance in a private company.

Both for those having insurance in the same company and for those with insurance in another company, the larger the amount previously owned the higher the persistency on the policy.

Persistency was found to be related to the occupations of the insured at all salary levels. Following are the percentages of policies still in force at the end of the two-year period for various occupations: Professional 89; executives, proprietors, managers other than farm 81; students, farm executives, proprietors and managers 80; semi-executives 79; salesmen 76; clerical workers and semi-professional 73; farm laborers 67; craftsmen and foremen 66; operatives 64; sales clerks 60; armed forces 59; service workers, laborers other than farm 58.

It was found that 50% of the first two years' lapses occur on policies in force for six months or less and 81% occur on policies in force one year or less, indicating that any attempts to improve persistency of policies after they are placed should be concentrated in the early periods. No matter what the frequency of premium payment, a very considerable proportion of the lapses occur in the month of second premium payment.

Surprisingly, one-third of all the annual-policy lapses occurred at a time other than when the second year's premium was presumably due. These were policies that were placed on a temporary term basis and lapsed during the first year or policies lapsed in the second year after a change in mode of premium payment.

There was pretty much the same relationship of factors to persistency among the women as among the men, but there were some differences worth noting.

As with men, persistency gets better with increasing income but levels off at the \$2,500 to \$3,000 bracket while with men it doesn't level off until the \$7,500 and over range. Persistency is also better than average

where the woman policyholder owns insurance in the same company but unlike the men, it doesn't matter whether an employed woman owned insurance in another company or had none at all. Women not gainfully employed followed the male pattern on this more closely. But all female policies differ from male in showing little if any relationship between amount of previous insurance and persistency.

As regards occupation, except for students (86%), housewives showed up best with 79%. Unexpectedly, clerical workers were next, with 76%. The unclassified group had a 75% persistency, while professional, executive and semi-executive groups had 72%.

Married or single status makes little difference in persistency. But at every income level poorer persistency shows up on policies sold to those who are widowed, divorced, or separated. Marital status had no bearing on male policies' persistency.

## Multitudes Will Produce Volume, M. D. R. T. Told

(CONTINUED FROM PAGE 5)

partnerships and sole proprietorships; 115 (g) (3) and the split-dollar plan.

Mr. Matson emphasized that agents today are dealing very largely with "new money." By this he meant that most of the people that have this new money can remember back to when they were patching their shoes with cardboard insoles. They have a latent fear of again being poverty-stricken. It is necessary, he said, for the agent to arouse their fear.

One of the questions he uses is, "How would you like to be in business with your partner's widow and second husband?" He bears down on the probability that the widow would marry someone who, because of her age, would marry her only for her money. The prospect knows of cases like that.

The appeal is particularly potent when a partner in a business is expecting his sons to take over his share after he dies. The agent asks the prospect, "If you had \$500,000 (or \$1 million, or whatever the size of the corporation is) and you had cancer and your days were numbered, would you take this money and tell your friends you were buying a half interest in a firm managed by somebody else and the boys would always have a job?" He then makes the point that if the boys are smart they can succeed with \$50,000 or \$100,000 but if they are dumb they will lose the half-million. Moreover, when such a man wants his boys in business on this basis he is gambling with his wife's security.

## Favor N.A.L.U. \$2 Dues Hike in Texas

San Antonio Assn. of Life Underwriters gave unanimous approval to the proposed \$2 increase for National association dues at its annual meeting for installation of new officers. The matter was presented by Woodrow C. McGill, Prudential, National committeeman. G. Archie Helland, Connecticut Mutual Life, past president of the Texas association, explained the need for increased funds for the operation of N.A.L.U.

The newly installed officers are: C. Stanley Price, Equitable Society, president; C. T. Crosby, American General Life, vice-president; Jack Wigginton, Southland Life, secretary; H. Lee Jones, Amicable Life, treasurer; C. E. Wood, Great Southwest Life, National committeeman.

## Shelve Group Cover in Cal. Tied in with Stock Sales

The California corporation department has set aside an order preventing Investment Trust of Boston from selling its shares in that state. The trust had notified the corporation it was withdrawing a supplementary prospectus which would give investors an optional group life policy combined with the monthly payment program. However, the group insurance plan will be offered in other states where it is permitted and the trust hopes to get the matter reviewed in California.

## West Coast Life Names Mocabee Ore. Manager

E. J. Mocabee, district manager for West Coast Life at Lakeview, Ore., has been appointed manager at Portland. He entered life insurance with the company in 1945.

## Kansas City C.L.U. Elects

John M. Darling, Northwestern National, has been elected president of Kansas City C.L.U. chapter. Other officers are: Charles W. Scott, Massachu-

setts Mutual, vice-president; John J. Foster, Northwestern Mutual, secretary.

The group plans an intensive campaign of C.L.U. candidate recruitment for the coming year, and also a two-day insurance forum next spring. Initial arrangements are being handled by Ted Johnstone, Columbian National.

## Phoenix Mutual Enjoys Record First-Half Sales

Paid production for Phoenix Mutual Life through the first half totaled a record \$70,534,000, eclipsing last year's six-month mark by 14%. Insurance in force for the same period jumped to \$41,256,000 and brought the in force figure to a new high of \$1,281,539,000. Assets also increased \$16 million to \$623,195,000 for the first six months. Through the next 12 months the company will pay dividends totaling approximately \$500,000.

• Thomas B. Fulmer, with Travelers at Columbus, O., was honored at a luncheon there marking his 35th year with the company.



"Let's have that application—I've been in here ever since I turned you down last week!"

## Bankerslifemen Don't Have to Sell With "Pressure"

It's true that Bankerslifemen don't have to sell with pressure . . . they make their presentations so effectively that the needs put on the pressure. When the wife is aware of those needs, it is apt to put the non-buying prospect in at least a figurative dog-house.

Right from the beginning of their training, Bankerslifemen are taught how to make a sales-earning presentation. They have the aids with which to make such presentations and the contracts to deliver what is needed.

The fact that Bankerslifemen are non-pressure salesmen is just one more reason they are the kind of life underwriters you like to know as friends, fellow workers or competitors.

**BANKERS *Life* COMPANY**  
DES MOINES, IOWA

## Guilmartin Nomination Fight Watched in Fla.

James L. Guilmartin, who has ties to American Bankers and American Bankers Life of Miami, was nominated for federal attorney for southern Florida, and has had to run the gauntlet of a Senate judiciary subcommittee. Mr. Guilmartin's father-in-law was the late Kirk Landon, who was head of the American Bankers organization and he is in the law office of Paul L. E. Helliwell, and the latter is an officer and director of American Bankers companies.

The nomination was attacked by the forces led by Wesley Garrison of Miami. The Republican organization in Dade county is split wide open. Mr. Landon was head of the Eisenhower movement in Florida. Gray Brewer, chairman of the Dade County Republican committee and a member of the Garrison organization, charged that the

principal reason for the selection of Mr. Guilmartin was his support of Eisenhower rather than his own qualifications.

The subcommittee has not yet reported on the Guilmartin matter to the full committee. Senator Langer of North Dakota, who heads the full committee, said he wants to go to Florida to investigate Mr. Guilmartin's qualifications. It has been alleged that Mr. Guilmartin has not been active in prosecuting lawsuits. He was recommended by neither of the Florida senators although Senator Holland is going along with the nomination. Senator Smathers of Florida is fighting the appointment. The administration reportedly is determined to go through with the nomination. If not confirmed before the adjournment of Congress, present indications are that Mr. Guilmartin may get a recess appointment which would be subject to renomination and confirmation when the Senate returns.

## Standard, Ore., Meet Sets Attendance Records

Standard of Oregon's '53 leaders club convention, held at Harrison Hot Springs, B. C., set new company records for number of agents who qualified and the number of first year men who qualified. More than 150 attended.

Sessions were conducted by Edwin A. Phillips, vice-president and superintendent of agencies. Among speakers were President Raymond R. Brown and Dr. Harry K. Newburn, president of University of Oregon and a director of Standard.

Revealed at the convention were: A new agents contract with vested renewals; establishment of a field advisory committee of five agency managers, and a discount at an annual interest rate of 2½% on premiums paid in advance.

George W. Schoeffel of the home office agency at Portland, 1952 leaders club president, again led the company and remained as 1953 president. Vice-presidents are S. Lynn Roycroft, Klamath Falls, Ore.; Roy D. Colling, Newberg, Ore., and Robert W. Bellons, Roseburg, Ore.

Standard's 1954 leaders club convention will be held in Sun Valley, Idaho.

## List Leading Agents of Northwestern Mutual Life

A total of 1,237 agents of Northwestern Mutual Life qualified for the nine production clubs in the agents' year ended May 31. During this period the company's paid-for business exceeded one-half billion dollars, setting the second highest record and coming within 4% of the all-time high in 1947.

Thirty-six "millionaires" were included in the record number of 209 agents who sold in excess of a half million of insurance during the agents' year. Honor awards in the various classifications will be presented at the opening session of the annual meeting of the company's Assn. of Agents, to be held at Milwaukee July 20-22.

With paid-for production of \$8,692,670 on 3,653 lives, the partnership of N. H. Seefurth and Ben S. McGiveran, Chicago and Milwaukee, won the honor for gross volume including employee trust business.

Frederick D. Leete, Jr., Indianapolis, again led in gross volume, excluding employee trust credits, with a net volume of \$1,847,500. This also gives him the special "AA" award for the largest amount of net sales as adjusted to the rules.

The special "XX" award and the presidency of the 1953 Marathon Club for insuring the largest net number of lives goes to J. Kenneth Roberts, Fond du Lac, Wis., for the fourth consecutive year, with a total of 150 lives.

David E. Harriss, Des Moines, led the 4-L Club with a record of 252 months or 21 years of continuous membership by paying for four or more lives monthly.

The 10 leaders in sales, including pension trust business, are Messrs. Seefurth and McGiveran; C. M. Ohl, Toledo; J. N. Meeks, Columbus, O.; H. B. Ruhl, Detroit; Mr. Leete; John O. Todd, Chicago; J. P. Propis, Buffalo; E. M. Klein, Cleveland, and Clyde Fuller, Milwaukee. The leading woman agent again was Mrs. Ann S. Liston, South Bend, Ind., with sales in excess of one-half million.

## Texas Proliferation

This year is sizing up as a banner one for formation of new stock life companies in Texas.

Through June, 43 new stock life companies have been formed with 23 of those being set up in accordance with minimum requirements of \$25,000 capital and \$12,500 surplus. The new life companies have aggregate capital and surplus of \$3,347,755.

## Company Raises Discount Rate on Pre-Paid Premiums

Bankers National Life has increased its discount rate from 2½% to 3% on premiums paid in advance. No limitation is placed on number of premiums which may be paid in advance, or the amount thereof.

## N. W. Mutual Drops Special Single Premium Limits

Special limits on single premium for insurance and annuities have been eliminated by Northwestern Mutual Life. Regular amount limits will continue to apply.

A maximum of \$400,000 of insurance on any one person will be accepted though not more than \$250,000 within one year. Annuity payments on a life may be an amount up to \$500 per month.



## A COMBINATION COMPANY

Boston Mutual has a sound combination of Ordinary and Industrial policies to fit the needs of every member of the family.

JAY R. BENTON, President

## Eligible For Life Insurance Company Investment Under the Laws of the State of Texas



16 YEARS EXPERIENCE  
OVER 300 CHURCHES  
NEVER A DEFAULT

HELP BUILD Churches NOW  
BROADWAY PLAN  
419 San Jacinto Bldg  
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## OPPORTUNITY FOR CAREER PEOPLE

If you are interested in making Life Insurance selling your career,

If you want to become a Life Insurance Counsellor instead of a peddler of \$1000 policies,

If you want to make more money, then write to

J. Allen Porterfield, Field Manager  
EQUITABLE RESERVE ASSOCIATION  
Neenah, Wisconsin

(Good territory open for men or women in Illinois, Michigan, Minnesota and Wisconsin.)

## WANT ADS

Rates—\$15 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.  
THE NATIONAL UNDERWRITER—LIFE EDITION

## AGENTS!

To sell Military Personnel the finest group of Policies available in the industry.

- Every Policy in strict accordance with the new Defense Dept. Directive
- Easiest selling Policies ever offered
- No Military restrictions as to War Hazards, etc., in any policy
- Highest commission contracts
- Will accept applications on any Military Rank
- No physical examination
- Will accept unlimited amount of sales volume
- Renewals all vested for life
- Fastest, most efficient Home Office service in the business
- Policies include Endowment, Ordinary Life, and several Savings Bond types
- Old Line Legal Reserve Company

Write

OFFICE OF THE PRESIDENT

P. O. Box 1190

Phoenix, Arizona

## WANTED AGENCY ASSISTANT

Chicago Agency of 84-year old Eastern Company has opening for an experienced life insurance man who is interested in an exceptional future. Salary plus commissions, bonuses, overtime and management opportunity are available with this 84-year old company. In reply furnish all particulars which will be treated confidential. Address T-53, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

## WE WANT YOUR MILITARY BUSINESS

Why continue to lose commissions on rejected applications?

Can your present companies give you:

1. Top Commissions and Renewals All Vested for Life
  2. Easiest Selling Policies You Ever Offered
  3. No Volume Limits—No physical Examinations—No Rejections.
  4. Best Home Office Service in the Business
- If the Answer is NO to Any of These Four Questions—You Should Write To

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P. O. Box 7175

Phoenix, Arizona

All inquiries strictly confidential

## WANTED A HOSPITALIZATION PLAN!

\*Looking for an insurance company interested in underwriting a sure-fire Hospitalization Plan backed by new and tested Radio Merchandising Methods!

Please write:

WILLIAM A. BANKS

1505 Walnut St. • Philadelphia 2, Pa.

## ARE YOU LOOKING FOR

top life and disability producer with management experience? Am interested in home office career with aggressive merchandising company. California resident but will consider desirable offer elsewhere. Address T-58, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

## POSITION WANTED

Mature A&H Manager available for General Agency or Sales Promotional travel post. Will relocate. Write PO Box 6051 Cleveland, Ohio.

July 17, 1954  
A.L.C. Propo  
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# A.L.C., L.I.A. Give Proposals for Tax Changes

(CONTINUED FROM PAGE 1)  
committee several weeks ago. Robert L. Hogg, executive vice-president and general counsel of A.L.C., presented oral explanation of the present inequities in taxation of annuities and the recommendations of the two organizations regarding their proposed changes in this law. The recommendations urge a new rule for taxing income on annuities fundamentally changing the "3% rule" in effect since 1934. An assumed taxable income factor of 1 1/4% on the capital invested in the purchase price of an annuity was suggested.

The present 3% rule is based on the theory that interest earned on the invested principal of an annuity approximates 3% a year on the original amount paid for or invested in an annuity. Under the rule each payment to an annuitant is treated partly as taxable interest on invested capital and partly as a gradual return of capital during the course of the annuity payments. The part of each payment representing a return of capital is excluded from taxable income until the original purchase price of the annuity is returned. The entire amount of each annuity payment thereafter is fully taxable as income.

The present 3% rule has two serious defects that place an inequitable burden on taxpayers, A.L.C. and L.I.A. declared. These are (1) that the rule greatly overstates the true taxable income from interest earnings on annuity contracts, and (2) that short-lived annuitants sustain a capital loss if they die before the amount paid for the annuity is fully returned, while long-lived annuitants are taxed on the full amounts they receive over and above their original investments in their annuities.

"Not only is the 3% rate much too high, especially for annuities sold in recent years, but the accumulation feature of the 3% rule by which the whole annuity is ultimately taxed in full results in a further overtax," the A.L.C. and L.I.A. statement said. "Annuity purchasers, taken together, must as a consequence report total taxable income far in excess of the true aggregate income they actually receive over and above the return of their capital."

To eliminate these tax inequities, the organizations propose that the 3% rule be corrected by substituting a taxable income factor of 1 1/4%, and by applying that rate throughout the lifetime of the annuitant instead of taxing the entire annuity after the capital invested is returned, as is done under the present 3% rule.

For deferred annuities and life income options, a supplementary adjustment would be added on the basis of their values at the time these annuities or life income payments commence, so that the 1 1/4% factor proposed would produce revenue results closely approximating those of the Canadian, or life expectancy method of taxing annuities.

For pension plan annuities, A.L.C. and L.I.A. proposed a return to the rule formerly in effect for all annuities prior to enactment of the 3% rule in 1934. Under the former plan, no tax would be payable by a retired employee until he has received back that part of the cost of the pension plan he paid through his own contributions. Thereafter, the full amount of the pension payments would be taxable.

Turning to tax treatment of pension and profit-sharing plans, A.L.C. and L.I.A. offered the committee six changes in the present tax laws and regulations. The first of these applies to the capital gains treatment of payments made under qualified pension plans to retired or separated employees. It is pointed out that

under present law, payments to these employees from pension plans are treated as long-term capital gains if the payments are made within one year after employment ceases. On the other hand, under non-trusted plans, such as a group annuity contract, the money received in one taxable year by a former employee is treated for tax purposes as income.

"This obviously unfair result stems from a drafting defect in section 165 (b) of the internal revenue code," A.L.C. and L.I.A. asserted. This section of the code is also defective, they said, because (1) it grants long-term capital gains treatment where a total distribution of all benefits is made because of an employee's separation from service, without providing the same treatment for situations in which employees die after retirement and their beneficiaries receive lump-sum death benefits, and (2) it also grants capital gains treatment for total distributions without specifically including cases where pension plans are terminated by employers, and the employees receive full distribution in one year, taxable as income instead of a capital gain.

The second point concerning capital gains treatment of retirement plans directed attention to taxes on benefits received by retired employees under plans established by organizations exempt from corporate taxes and by life companies for the benefit of their employees. It was pointed out that tax exempt organizations and insurers do not deduct their contributions to employee retirement plans, but the internal revenue bureau "has very properly ruled however, that contributions to employee's annuities by life companies and corporations exempt from corporate taxation shall be included in the employee's income only as benefits are received," if the pension plan meets the specifications set forth in the internal revenue code. The life company organizations asked Congress to amend the law to give specific statutory sanction to the bureau's ruling, so that the law will treat all employees under qualified pension plans alike without regard to whether or not the tax deduction is allowed the employer."

Third, serious discrimination exists between the income tax treatment of insured pension plans and uninsured plans, A.L.C. and L.I.A. said. "If an industrial pension plan is funded by an annuity, endowment, or life contract purchased from a company, the investment income earned each year becomes subject to the approximately 6 1/2% tax on net investment imposed on life companies."

"If, on the other hand, the pension plan is funded through a trust not utilizing insurance company contracts—in other words is uninsured—the investment income earned each year by the pension fund is tax exempt. A considerable number of life companies, but not all, underwrite private pension plans. Currently, this 6 1/2% tax on net investment income of life companies has the effect of increasing the outlay otherwise required for an insured pension plan by about 5%, based on an average accumulation period for individual pensions of 25 years," the statement explained.

This additional cost born by employers was illustrated by a hypothetical case in which an employer contributed \$1 million to an insured plan. It was pointed out that this employer is indirectly charged about \$50,000 in federal taxes over the years on the investment income earned by his contributions. "The many advantages of insured pension plans, as compared with uninsured plans not providing fundamental guarantees to employees and pensioners, may be lost solely as a result of such discriminatory tax treatment," A.L.C. and L.I.A. said. They emphasized that the employers' freedom of choice between insured and

uninsured plans is presently affected by this tax discrimination, and urged equitable treatment of all segments of the taxpaying public, including employers who want to establish pension plans for their employees.

The fourth point brought out dealt with life insurance purchases used for pension purposes. It was pointed out that uncertainty presently exists as to the tax status of these plans. Rulings by the internal revenue bureau prior to late 1952 have given approval to the tax exempt status of these plans, but subsequent letter rulings by the bureau have indicated that purchase of ordinary life policies by profit sharing trusts disqualifies the plans from favorable tax treatment.

The effect of the subsequent rulings is to prevent trustees of profit sharing plans from investing profits allocated by employers to profit sharing plans for the benefit of their employees in ordinary life insurance policies until the profits have been held by the trustee for a period of at least two years, it was explained.

"The letter rulings assume that there cannot be any purchase of life insurance coverage under a profit sharing plan until profits have been accumulated in the plan for a period

of at least two years," A.L.C. and L.I.A. stated. "We submit, however, that the regulation does not prevent incidental distributions, such as the payment by the trustee of the pure life insurance cost under a profit sharing plan utilizing ordinary life insurance policies, where the principal purpose of the plan is to accumulate funds to be distributed later, usually upon retirement of the employees."

"The immediate distribution (of benefits to employees under a plan which includes purchase of ordinary life policies) in the form of the cost of pure life insurance, if it is a distribution, is taxable income to the employee at the time of such distribution. Consequently, the investment in ordinary life policies by a trustee under a profit-sharing plan is not contrary to the spirit of existing regulation, although an extremely narrow interpretation of such regulation might conceivably give some support to the letter rulings that have been issued. . . We find nothing in the law or the legislative history which would support that part of the regulation which requires that allocated profits be accumulated in the trust for a fixed number of years. It is urged that the law be amended to make it clear that distributions may



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Opportunity  
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LEWIS AND CLARK, the intrepid team inspired by Jefferson's enthusiasm, led the famous expedition in 1804-06, which revealed to their countrymen the vast panorama of opportunities available in the immense territory acquired in the Louisiana Purchase.

Marching ahead today with that same type of progressive spirit, National Reserve Life under dynamic leadership, is rapidly moving forward in the midst of a gigantic expansion program, providing unbounded opportunities for men to develop into the capacity of a General Agency operation.

In all states west of the Mississippi, this company, "Strong as the Strongest . . . Enduring as Rushmore" is looking for men who can qualify for these opportunities. Outstanding merchandise and profitable contracts await those selected.

Inquire about your location. Give full details in strict confidence for immediate consideration. Join the rapidly growing Field Force Family of National Reserve and assure yourself of a profitable future.

Write W. E. Moore,  
Agcy. V.P.,  
Agcy. Hq., Topeka

S. H. WITMER, Chm. of the Board  
H. O. CHAPMAN, Pres.



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be made under a profit-sharing trust at any time, provided the distribution is taxable as income to the employee."

Concerning investments in group annuities, it was pointed out that under present laws and internal revenue bureau regulations, employers are permitted to establish tax deductible pension plans by direct purchase of group annuity contracts from life companies without creating special pension trusts. Other internal revenue bureau regulations, however, prevent employers from establishing profit-sharing plans involving purchases of annuity contracts to provide pensions for their employees unless a special trust is set up.

"There appears to be no logical reason for this distinction between pension plans and profit-sharing plans established for retirement purposes," A.L.C. and L.I.A. declared. They stated there appears to be doubt in the courts as to the correctness of the internal revenue bureau's position requiring that trusts must be set up for profit-sharing plans that provide for purchases of group annuities.

"In order to resolve this doubt and to make it possible for employers to establish insured group annuity pension plans under profit-sharing plans we recommend that a new subsection be added to the code permitting employers to invest allocated profits under profit-sharing plans in group annuities issued by an insurance company."

The sixth pension and profit-sharing item discussed cited discriminations in valuing annuities for estate and gift taxation. It was pointed out that different rules are provided by present estate tax regulations for valuing survivorship annuities sold by insurance companies and those provided in other ways, such as employee annuities under funded, non-insurance company pension plans.

Survivorship annuities paid out by life companies are valued for tax purposes on the basis of how much the company would charge for a new annuity in the same amount on the valuation date. Other non-insurance company types of annuities are valued for tax purposes by valuation tables.

These result in substantially lower values than the method for valuing life insurance company annuities. "On the average, the insurance company annuity rates are 50 to 60% higher," A.L.C. and L.I.A. said. "This is so because they are based on different mortality and interest assumptions... and make provision for expenses." Among other factors, the statement says, rates charged by the insurers for new annuities are based on experience tables for people in good health who are apt to be longer-lived. On the other hand, other annuities are calculated on only the average health and longevity expected of persons for whom the annuities were purchased some years earlier.

"This discrimination in valuation is perhaps most pointed in connection with pension plans," A.L.C. and L.I.A. declared. "Insurance companies are at a disadvantage in having this higher estate tax valuation applied to their survivor annuities. It is certainly unfair and illogical, under any circumstance, to have two standards of valuation for identical assets. The law and regulations should provide a single method of valuing all survivorship annuities. This could be accomplished by providing in the law that all survivorship annuities shall be valued on a uniform standard in accordance with mortality and interest assumptions specified by the commissioner of internal revenue. The same discrimination arises under existing gift tax regulations and should also be eliminated."

Proceeds paid by a life company to a beneficiary by reason of death of the policyholder are exempt from federal income taxes. Partners in a business concern may buy life insurance, each naming the other partner as beneficiary, without income tax liability to the

survivor if the insurance is bought after the partnership is formed. However, this exemption does not apply when a policy has been transferred for a "valuable consideration". That is, if two business partners have previously taken out policies on their lives and each assigns his policy to the other after the partnership is formed, the proceeds of the policy on the life of the deceased partner, minus the consideration and any premiums paid on the policy by the other partner, would be taxable as income to the survivor.

"For many years it has been common practice to utilize life insurance in connection with partnership agreements, and with stock purchase plans in closely held corporations," A.L.C. and L.I.A. pointed out. "Under these agreements the lives of partners or stockholders are insured, subject to an understanding that upon death the insurance proceeds will be accepted in full settlement of the interest of the deceased partner or stockholder. The insurance proceeds usually are paid to the dependents of a deceased partner and utilized for their support and maintenance. This makes it unnecessary for them to look to the business for their support. The 'transfer-for-valuable-consideration rule' has produced unintended and inconsistent results in the field of such business life insurance."

"We believe that the rule was not intended to apply to an assignment of life insurance to a person who has an insurable interest in the life insured. Such a person can purchase new insurance on the life of any insurable individual in whom he has an insurable interest and the assignment for value rule would not apply to such a transaction. But the rule would apply if the person with an insurable interest should purchase a policy direct from the insured person because such a purchase would involve an assignment. There appears to be no logical explanation for a rule which distinguishes between these two fundamentally alike transactions."

"The original intent of the 'transfer-for-valuable-consideration rule' can be preserved by an amendment which would make the rule inapplicable to transfers involving insurable interest. This would remove the difficulties caused by the rule in the field of business insurance."

The bureau of internal revenue has recently issued rulings applying the "doctrine of constructive receipt", under which money paid to policyholders who exercise several types of settlement options in their policies is taxable as income, the A.L.C. and L.I.A. pointed out. For example, under the bureau's rulings, a taxpayer who owns an endowment policy may have a contract right with the insurance company to exchange this policy for a paid-up life insurance policy, plus an immediate cash settlement. The cash he receives, plus the cash value of the new paid-up life insurance policy, minus the cost of the original endowment policy, is taxable income under the rulings.

Other recent internal revenue rulings make it necessary for endowment policy owners to report as income the maturity value of their policies, less the cost of the policy, if the policy owners elect their contract rights prior to maturity to receive the endowment proceeds in installment payments.

"These rulings are contrary to earlier rulings dealing with similar insurance transactions," A.L.C. and L.I.A. said. "They produce tax consequences never anticipated by owners of endowment life insurance policies. Unless something can be done to protect life insurance policyholders from rulings which make this unfair application of the doctrine of constructive receipt, Congress is urged to grant legislative relief. Presently the bureau's rulings have created hardship in the case of many policy owners. The rulings create confusion in the minds of

## Late News Bulletins...

### Metropolitan Wins American Heritage Award

American Heritage Foundation's top award for outstanding performance support of the 1952 National Non-partisan Register and Vote Campaign has been given to Metropolitan Life for its national advertisements urging citizens to vote in the presidential election. The award was presented to Leroy A. Lincoln, board chairman, and Frederic W. Ecker, president, during a luncheon at the company's home office. Mr. Lincoln also received a similar award for his personal efforts in support of the campaign.

### Kansas City Life Names Singletary

Kansas City Life has named William C. Singletary general agent at Greentown, N. C. He has been in the business since 1935, having been with two companies in that period.

other policy owners who plan to exercise settlement or conversion options in the future."

Present internal revenue laws levy estate taxes on the proceeds of life insurance policies if the insured person owned the policy at the time of death, or if he had paid the premiums on it either directly or indirectly. A.L.C. and L.I.A. stated that ownership of the policy justifies the application of estate taxes, because life insurance should be treated like other forms of property for estate tax purposes.

However, the two organizations said, the "premium payment test" singles out life insurance for discriminatory treatment. They pointed out that no other form of property is subject to estate taxes if the owner has given it away completely and does not own it or any interest in it at his death.

"The premium-payment test discriminates as between individuals, depending on their ability to provide differing arrangements for premium payments," the two organizations declared. "Take for example two policyholders each of whom gives a policy of life insurance to his wife. Neither retains any incidents of ownership in a policy. The first policyholder continues to pay premiums thereon, or gives his wife a sum of money as a gift with which to pay the premiums. On his death, the entire proceeds are taxable to his estate. The second policyholder, however, either has a rich wife and can arrange to have premiums paid out of her own funds, or if he has sufficient assets himself, can give her a sizable piece of property which she may sell or the income from which is sufficient for the purpose of paying premiums. When this second policyholder dies, nothing is taxable to his estate. We recommend that this discriminatory 'premium-payment' test be eliminated."

Pension and profit-sharing treatment under the revenue laws engaged attention of the committee Wednesday. Several changes in the laws relating to this problem were suggested by witnesses. Meanwhile, American Bar Assn. recommended with respect to employee death and disability benefits, that if under state law, contributions are required either under a private disability benefit plan or other like plan, or into a state disability benefit fund or other like fund, any amount paid or accrued under such private plan in accordance with state law shall be allowed as a deduction to the extent that it does not exceed the amount which would be required to be paid into or accrued for such state fund in absence of such private plan and which would be deductible if paid into or accrued for such state fund.

Scott P. Crampton, also representing the bar association, submitted four recommendations. First, to eliminate the insurance factor of pension trusts from taxable income by amending section 22 (B) of the code. The second would allow employers on the accrual basis 75 instead of 60 days within which to make contributions to trusts

for their employees, by enlarging the period of time in code section 23 (1) (E).

Third proposal would allow payments to union welfare funds to be deductible as ordinary and necessary business expenses without regard to whether they qualify as deductions under section 23 (P). Deductibility of such contributions would be determined under section 23 (A), where welfare trusts meet requirements of the Taft-Hartley law.

Internal revenue commissioner position that employers' contributions to union welfare funds are not deductible unless meeting conventional pension or annuity plans requirements. Crampton said, puts in jeopardy such deductions since it will be difficult not impossible to meet requirements of actuarial soundness under section 23 (P).

Fourth A.B.A. recommendation would provide capital gain treatment for lump sum payments received by employees or their beneficiaries from employee's trust or employees' annuities in connection with non-trusted plans.

Paul Whiteside Willer-Petersen, Chicago and Hutchinson, Kan., proposed three points. One would correct "a socially undesirable situation" resulting from an internal revenue ruling that under a plan implemented by life insurance, that part of the premium which actually pays for such insurance is each year a "present benefit" to insured, constituting taxable income to him, which his employer must report. Such small amounts of tax involved and time required to figure it out and collect are so relatively large that witness raised the question "In the economy of this nation as a whole, is it worth it?"

He also suggested Congress set standards regarding "permanency" of profit-sharing retirement plans and changes in contribution formulae under such plans. Thirdly, he asked legislation authorizing the social security administration to accept for filing reports of trustees of profit-sharing retirement trusts and pension trusts, time employment of a trust participant terminates, of information as to amount such participant has coming from the trust and when it is due. Social security could then give participant such information when OASI pension begins or give it to his family in event of his death. Witness compared situation of departed participants of such fund to a bank's "lost accounts."

Theodore Ellendorf, vice-president Tax Sheltered Plans, Inc., New York recommended amendment expressing Congress' intent that there should be no definite contribution formula required for approval of a profit-sharing plan.

"If no definite formula is necessary initially," witness said, "if formal amendments without bureau approval are valid; then excessive contributions should constitute valid amendments qualifying as deductions."



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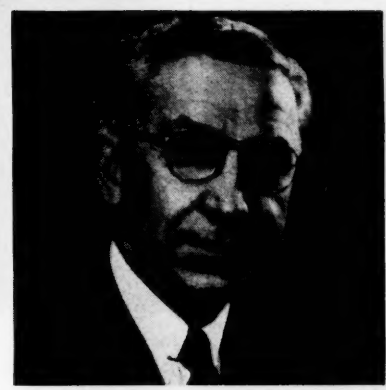


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## Pertinent Statistics



**JANUARY 1, 1953**

Insurance In Force	Over \$669,000,000
Assets	Over \$158,000,000
Benefits Paid Since Organization	Over \$ 69,000,000
Certificates In Force	Over 449,000

**Aid Association for Lutherans**

Legal Reserve Fraternal Life Insurance  
Home Office: Appleton, Wisconsin



**ZONE DIRECTORS** of Agencies for Life of Georgia's 11-state territory hurled challenges of production prowess in stage play.



**RIGHT WAY** to make a sales presentation was preceded by a fun-making demonstration of how not to do it. Training Department men registered horror at strong-arm technique used on reluctant prospect.

## BILLION BOUND

Life Insurance Company of Georgia, nearing the billion-dollar mark of life insurance in force, dramatized the fact at its recent Convention. Company officials turned actors for the show, staged in Peabody auditorium at Daytona Beach, Florida, before 1,000 fieldmen and wives. Teamwork of Home Office and field force in selling and serving policyholders was emphasized. Many an agent got a new slant on the business he is in.



**AGENCY COMMITTEE** (above) composed of representatives of each echelon of agency management, showed how problems are threshed out. Several points were scored during the lively session.

**TOP-LEVEL** decisions, previously unannounced to the field, were aired by the Executive Committee (right) in a simulated session which drew close attention of the big audience (below).



**WHAT HAPPENS** to apps was revealed in an Underwriting session (below), starring Underwriter, Medical Director, Actuary, and Claims Manager.



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